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Bush's Negotiators Take One Last Stab at A World Trade Accord

By Tom Redburn
International Herald Tribune

PARIS — Senior U.S. and EC trade negotiators, moving unexpectedly to try to break a stalemate before President George Bush leaves office in a few days, began talks Friday in Geneva aimed at resolving the key trans-Atlantic disputes that have long blocked progress on completing a global trade agreement.

U.S. officials conceded that an overall settlement of the six-year-old Uruguay Round of talks organized under the General Agreement on Tariffs and Trade remains out of their reach. But they said Carla A. Hills, the top American trade negotiator, wanted very much to achieve an 11th-hour success after four years of frustrating failure.

If a broad U.S.-European Community deal — focused on slashing tariffs and other complex areas of the negotiations — could be struck by next week, it would add pressure on Bill Clinton to wrap up the talks quickly in an effort to beat the March 2 deadline when negotiating authority from Congress runs out. Mr. Clinton assumes the presidency on Jan. 20.

For Mr. Clinton, who met Friday with President Carlos Salinas de Gortari of Mexico to discuss the proposed North American Free Trade Agreement, a rush to wrap up the highly detailed GATT negotiations would severely tax his inexperienced team of trade and economic advisers. By forcing both the North American agreement and GATT onto Mr. Clinton's agenda early, President Bush would also be highlighting one of the most deeply divisive political issues within the Democratic Party — that of free trade vs. protection for U.S. industry.

For Brussels, a trans-Atlantic deal would be designed to demonstrate to the French government that a far-reaching settlement would provide many advantages to European exporters in the world trade. That might encourage Paris eventually to look for ways of backing away from its politically charged threat that it might try to veto farm subsidy limits already accepted by Community officials in December.

Hopes for success in the Uruguay Round were revived by the U.S.-EC farm agreement in November, but the GATT talks quickly became paralyzed again as bargainers turned their attention to other issues that raised a host of domestic political difficulties. Vocal complaints from Paris that the proposed farm subsidy limits threatened French farmers just as the campaign began for the March parliamentary election also seemed to poison the atmosphere.

See GATT, Page 11

AWAY FROM THE BRINK Saddam Pulls Back His Missiles

Compiled by Our Staff From Dispatches

WASHINGTON — Iraq has "broken down" and moved the anti-aircraft missiles that were threatening allied warplanes near the no-flight zone in southern Iraq, a senior Pentagon official said Friday.

"They have been broken down," the official said of the surface-to-air missiles. "They are no longer up and in a position to shoot."

He cautioned that the information did not mean that the crisis was over, because it was not yet clear where the missiles were being taken.

"It's hard to track them while they are being moved," he said, adding that difficult weather conditions were hampering efforts to detect the Iraqi movements.

In a second move that appeared to ease the crisis between Washington and Baghdad, the Iraq jets that had darted in and out of the zone have been removed from the Al Jahrah air base near the 32d parallel, said the official, who spoke on condition of anonymity.

Baghdad, however, had remained defiant as the deadline approached Friday night, saying it was prepared to "respond in kind" rather than bow to the ultimatum.

The United States acted throughout the day to determine from intelligence information whether Iraq, despite its public defiance, was bowing to the ultimatum that it remove anti-aircraft missiles threatening allied aircraft in southern Iraq.

The White House press secretary, Marlin Fitzwater, had said earlier that while the allies detected no violations of the no-flight zone by Iraqi aircraft since the Wednesday ultimatum, "the disposition of surface-to-air missiles specified in the January 6 warning is less clear."

General Colin Powell, chairman of the Joint Chiefs of Staff, said Iraqi planes had not penetrated the prohibited air space south of the 32d parallel since the United States and its allies delivered their warning.

"We are pleased about that," he said.

President George Bush conferred with General Powell and other national security officials during the afternoon Friday, then left to spend the weekend at the Camp David retreat in Maryland.

As the last minutes ticked away before the 2330 GMT deadline, U.S. officials had declined to say how quickly they might act militarily if their demands were not met.

"I would not look for some minute-by-minute countdown anyway," Mr. Fitzwater said earlier.

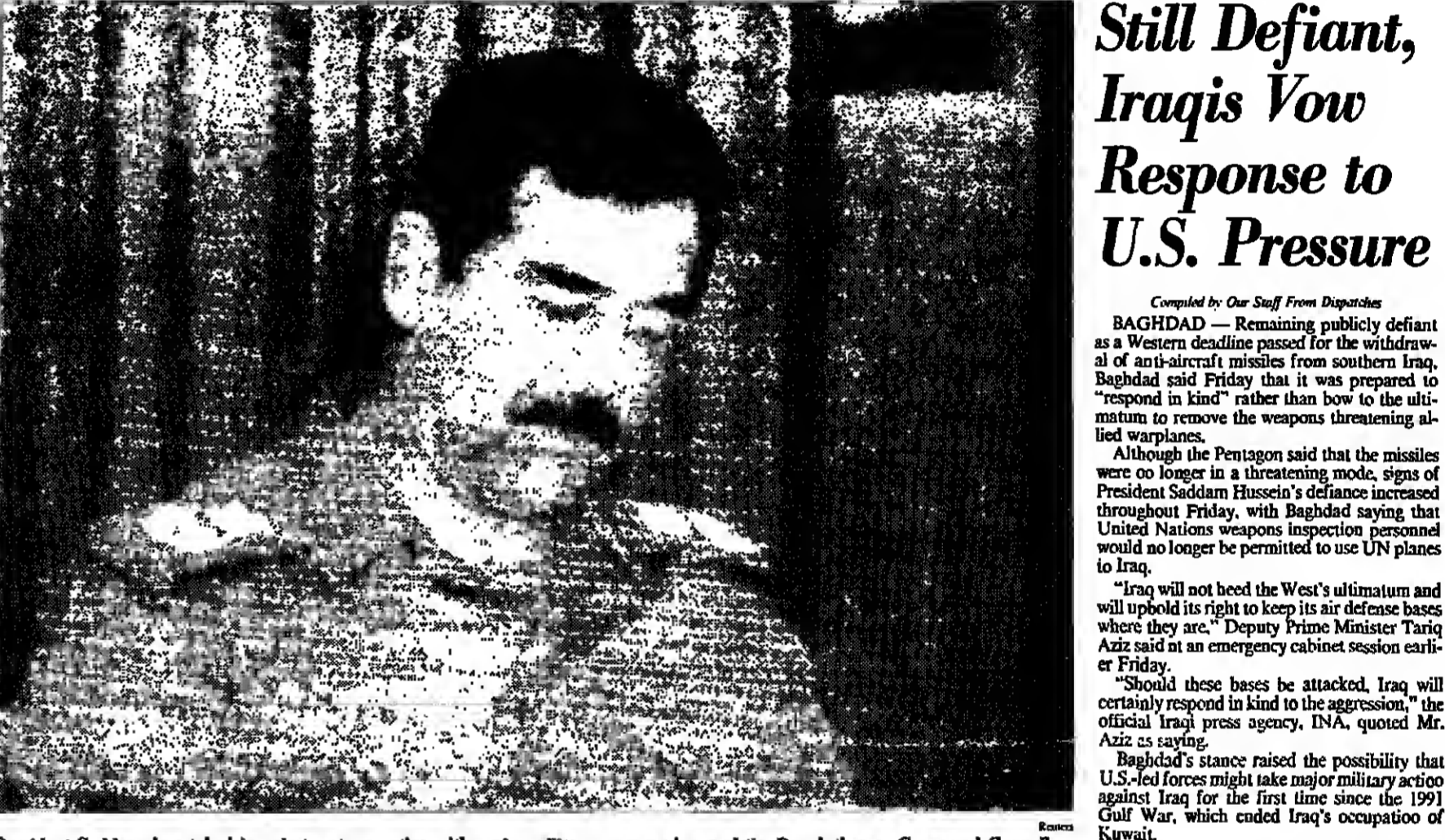
Stormy weather to the Middle East frustrated U.S. efforts to check the location of the Iraqi missiles. Before the deadline expired, a U.S. intelligence official had said it was still unclear where the missiles were and whether they had been moved from the no-flight zone, as demanded by the allies.

The last time the allies and Iraq were this close to war, the U.S. led coalition launched an air war against the Iraqi military less than 17 hours after the expiration of the United Nations deadline for withdrawal from Kuwait.

General Powell said the United States had detected "a great deal of activity" in movement of both missiles and aircraft north of the air exclusion zone.

"It's too early to say where all those missiles are going, where

See ALLIES, Page 4



President Saddam, in a television photo, at a meeting with senior military commanders and the Revolutionary Command Council.

Still Defiant, Iraqis Vow Response to U.S. Pressure

Compiled by Our Staff From Dispatches

BAGHDAD — Remaining publicly defiant as a Western deadline passed for the withdrawal of anti-aircraft missiles from southern Iraq, Baghdad said Friday that it was prepared to "respond in kind" rather than bow to the ultimatum to remove the weapons threatening allied warplanes.

Although the Pentagon said that the missiles were no longer in a threatening mode, signs of President Saddam Hussein's defiance increased throughout Friday, with Baghdad saying that United Nations weapons inspection personnel would no longer be permitted to use UN planes to Iraq.

"Iraq will not heed the West's ultimatum and will uphold its right to keep its air defense bases where they are," Deputy Prime Minister Tariq Aziz said in an emergency cabinet session earlier Friday.

"Should these bases be attacked, Iraq will certainly respond in kind to the aggression," the official Iraqi press agency, INA, quoted Mr. Aziz as saying.

Baghdad's stance raised the possibility that U.S.-led forces might take major military action against Iraq for the first time since the 1991 Gulf War, which ended Iraq's occupation of Kuwait.

Iraq's 250-member National Assembly unanimously approved the cabinet's decision to defy the allies' demand, INA reported. The assembly generally acts as a rubber stamp for government policies.

The ultimatum — which was made Wednesday by the United States, Britain, France and Russia — gave Iraq 48 hours to remove surface-to-air missiles from inside and near an air exclusion zone declared by the U.S.-led allies in August. The deadline was 2330 GMT Friday.

Plane and helicopter flights by the Iraqi military are prohibited to the zone, which was established south of the 32d parallel to protect Iraq's Shiite Muslims.

U.S. military officials said Friday that Iraq had moved both missiles and aircraft near the zone. But bad weather to the region made it difficult for U.S. intelligence agencies to determine the exact status of the missile batteries.

President George Bush met with his national security aides, but U.S. officials refused to say how quickly they might act militarily if their demands were not met.

As the deadline approached, Iraq banned all flights by UN weapons inspectors on UN aircraft within Iraq, according to an announcement at the United Nations in New York.

Tim Trevan, spokesman of the UN special commission in charge of scrapping Iraq's weapons of mass destruction in the aftermath of the Gulf War, said: "The implication is that we are no longer allowed to use our own aircraft to fly into Iraq, and that if we wish to use aircraft, we must use Iraqi chartered aircraft and not UN aircraft."

Mr. Trevan said the reason given by Iraq for the ban was that, "basically, if they are not allowed to use their own aircraft, we are not allowed to use ours."

"It is a very serious violation of our basic privileges and immunities," Mr. Trevan said. "It would seriously hinder the way we would be able to operate in Iraq."

The order is effective immediately, he said.

In Baghdad, the government newspaper Al Thawra called the ultimatum "a cheeky and hysterical threat."

"Iraq stresses its outright rejection of this

See SADDAM, Page 4

EC Study Puts Bosnia Rapes at 20,000

By William Drozdiak
Washington Post Service

PARIS — A European Community team of investigators has concluded that Serbian forces have raped up to 20,000 Muslim women and girls in Bosnia as part of a systematic policy of terror designed to intimidate, demoralize and drive them from their homes.

The rape inquiry, the first official effort to collect evidence for a possible war crimes tribunal, was led by a former British diplomat, Dame Anne Warburton, and a former French health minister, Simone Veil, who is a leading member of the EC Parliament. They were accompanied by lawyers, forensic psychiatrists and experts in rape counseling.

The group was assigned by the EC's 12 government leaders to verify accounts of sexual assaults taking place in Bosnia-Herzegovina. The leaders had issued a harsh condemnation of these "acts of unspeakable brutality" at their meeting in Edinburgh last month.

[Bosnia's deputy prime minister for economics, Hakija Turajlic, was shot and killed by Serbs on Friday while riding in a UN convoy from Sarajevo airport to the city center. Reuters reported. Sanella Mujadzic, a secretary at the Bosnian UN mission in New York, said the UN

convoy in which Mr. Turajlic was riding was stopped by two Serbian tanks, and he was taken from his vehicle and shot.

[Bosnian Serbs denied Friday that they were responsible. The Bosnian Serb deputy foreign minister, Todor Dubina, said, "This is just another ploy by the Muslims to provoke military intervention and disrupt the Geneva conference." The Geneva talks between the warring communities are scheduled to resume Sunday. General Philippe Morillon, commander of the UN Peacekeeping Force in Bosnia-Herzegovina, said the Serbs were responsible for the killing.

The rape findings by the EC investigators were based on interviews over five days in late December with Muslim refugees and international aid organizations in Croatia, the former Yugoslav state that borders Bosnia-Herzegovina, and in Geneva. The team did not travel to Bosnia but intends to, possibly next week.

The investigators collected other accounts by witnesses, first gathered by the Red Cross and other humanitarian aid groups on the scene, as evidence for a possible war crimes trial.

In their report, the investigators said they had found that rape was occurring on a mass scale, not as random attacks but as part of a deliberate policy of building a "greater" Serbia through "ethnic

See RAPE, Page 4

Ex-Banker for Bonn Economy Minister

By Marc Fisher
Washington Post Service

BERLIN — With Western Germany sinking deeper into recession while the ex-Communist East's economy fails to respond to state restructurings, Germany gave a former Citibank executive on Friday the task of jump-starting Europe's most influential economy.

The Free Democrats, the junior partner in Chancellor Helmut Kohl's governing coalition, picked Günter Rexrodt as economic minister to replace Jürgen Möllemann, who quit Sunday after acknowledging his role in an influence-peddling scandal. Mr. Kohl will approve Mr. Rexrodt's selection formally next week, chancellery officials said.

Mr. Rexrodt, 51, a board member of the Treuhänderanstalt, the agency charged with privatizing the state enterprises of the former East Germany, is a longtime Free Democratic Party insider who ran Citibank's German operations before joining the Treuhänder in 1991. He grew up in East Germany, moving west only a year before the construction of the Berlin Wall in 1961.

By choosing Mr. Rexrodt, the Free Democrats, the small party that traditionally plays kingmaker in German coalitions, rejected calls for the selection of a nonpolitician, a prominent business leader who might renew public confidence in the increasingly unpopular Kohl government.

The new minister will face an unenviable task. The German Institute for Economic Research this week predicted that the country would drift ever deeper into recession this year, with the economy in the West shrinking by 1.5 percent while growth in the East is limited to 3.5 percent, less than half what leading economists had forecast only two months ago.

"A year ago, we warned of this catastrophe and now it is here," said Heiner Flessbeck of the institute.

As investment drops and unemployment rises, Germany needs the Bundesbank to loosen credit, the institute said, but the central bank

See GERMANY, Page 4

Allied Air Power in the Region

Key weapons against Saddam's Soviet-made SA-2 and SA-3 missiles are stationed at the allies' main base in Dhahran, Saudi Arabia: F-4G air defense suppression jets and EF-111 electronic jamming aircraft. Britain's Royal Air Force has a squadron of GR-1A reconnaissance Tornados and GR-1 Tornado fighter-bombers at Dhahran. France has a squadron of top-line Mirage 2000 fighters.

Incirlik
U.S.: 38 combat planes (F-15E, F-16, F-4G)
Britain: 6 Jaguars
France: 8 Mirage F1s

Dhahran
U.S.: 55 combat planes including F-16 fighters, F-15E ground attack jets, A-10 tank killers.
Britain: 6 Tornado bombers
France: 8 Mirage 2000 ground attack planes

Riyadh
U.S.: 3 AWACS (airborne radar), transport planes, tanker planes for inflight refueling

Khamis Mushayt
U.S.: 20 F-117A Stealth fighter-bombers

JSS Kitty Hawk, in the Gulf
More than 70 attack, reconnaissance and electronic warfare planes

Klosk Ukraine Warns U.S. on Nuclear Pact

WASHINGTON (Reuters) — Ukraine's top arms negotiator, who met President George Bush on Friday, said that the U.S. failure to give his country security assurances would make it more difficult to win parliament's approval of nuclear treaties.

Deputy Foreign Minister Boris Tarasyuk, speaking after the United States said it was prepared to give Ukraine disarmament aid and security assurances only after it ratifies START-1 and Nuclear Nonproliferation Treaties, told Reuters U.S. support would have made it "easier for government to convince parliament" to vote approval.

As the Gaza meastrom swells, both sides grapple with death. Page 5.

The Braer began to break up as heavy seas hampered salvage efforts. Page 2.

Business/Finance
The pace of job creation is slowing in the United States. Page 9.

Clinton's First 100 Days
Entry form. Page 3.

Money Report
Emerging opportunities, investment principles and tax tips for '93. Page 14-15.

Dow Jones		Trib Index	
Down 17.29	3,251.87	Down 0.63%	88.95
The Dollar		New York	
1.6475	1.638	DM	
1.5315	1.531	Pound	
125.385	125.215	Yen	
5.5605	5.567	FF	

What Price a Life? For 2 Friends, a Prison Sentence

By Tamar Lewin
New York Times Service

WASHINGTON — James McElveen says he and his best friend, Benny Milligan, are being sent to prison because his friend did what was necessary to get him the medical treatment that saved his life.

What was necessary, as the men saw it, was to lie to a hospital about whether Mr. McElveen had medical insurance rather than take a chance that the nearest emergency room would treat him without insurance.

But federal prosecutors charged that what the men did — pretending that Mr. McElveen was Mr. Milligan's son — was a crime. On July 8, 1990, while visiting a park in Tennessee with a group of friends, Mr. McElveen fell from a 30-foot (9-meter) cliff and lay at the bottom, unconscious and bloodied. Mr. Milligan carried him back up to the top and took him to the emergency room at Lewis Community Hospital in Columbia, Tennessee, 43 miles (70 kilometers) southwest of Nashville.

But on the ride to the hospital, friends to the car said articles in the local press made them believe that hospitals to the area would not admit patients without insurance. Mr. Milligan, a mechanic at a Martin Marietta Corp. plant in Michoud, Louisiana, said he knew Mr. McElveen had no insurance. In a panic, he said, he gave his own insurance card to the hospital and passed his friend off as himself.

"I did what I thought I had to do at the time," Mr. Milligan said. "It was a pressure situation. I know it was wrong."

A few hours later, Mr. McElveen was transferred to Maury Regional Hospital in Columbia because of the severity of his injuries. Two days later, he was sent to Vanderbilt University Medical Center in Nashville, where he underwent surgery to fuse his crushed vertebrae to prevent paralysis.

Under a 1986 federal law, every hospital that receives Medicaid money must provide emergency care to any patient in a life-threatening situation. But that law does not require hospitals to provide either continuing treatment or free surgery to every patient.

A 1987 article in The Journal of the American Medical Association estimated that hospitals turned away about a quarter-million emergency cases a year, but most of that information predated the law. Despite the statute, lawyers who represent the indigent say that such abuses still occur.

"I absolutely know cases, since the law, where people in life-threatening situations are refused treatment," said Gordon Bonnyman, an lawyer at Legal Services of Mid-Tennessee, who testified as an expert witness at Mr. Milligan's trial last summer.

Mr. McElveen was discharged from Vanderbilt on July 20 and spent a month convalescing. He has headaches, but no other lasting physical problems.

His medical bills, more than \$41,000, were sent to the federal government, the insurer for Mr. Milligan and others who worked on the space shuttle project at Martin Marietta. But in September, the deception was uncovered and Mr. Milligan was dismissed.

He was sentenced to nine months in prison, and Mr. McElveen got seven months. They surrendered themselves to the federal prison in Carville, Louisiana, on Friday.

Mr. McElveen, Mr. Milligan and his wife, Tamar, who had signed hospital papers for Mr. McElveen as her husband, were charged with mail fraud, wire fraud and conspiracy to defraud the government.

Last summer, all three were convicted and ordered to repay the \$41,000. Mrs. Milligan, a waitress, was sentenced to four months' confinement to her home, but she is allowed to work and drive the couple's three young daughters to school.

Families USA, a Washington advocacy group, called the case a striking example of what all the nation's health-care system.

TRANSITION/

Clinton Vows Swift Action on Free Trade

Compiled by Our Staff From Dispatches

AUSTIN, Texas — President-elect Bill Clinton vowed after a meeting with President Carlos Salinas de Gortari on Friday to move quickly to resolve differences on a free-trade pact with Mexico and Canada.

Mr. Clinton promised to put a single official in charge of overseeing progress on the pact and related trade issues. The agreement was negotiated by the Bush administration and supported conditionally by Mr. Clinton.

Mr. Clinton and Mr. Salinas fielded questions after meeting at the mansion of Governor Ann Richards. It was the president-elect's first one-on-one meeting with a foreign leader since the November election.

The two leaders said they discussed the trade agreement, world crisis spots, Latin America and the 1990 abduction by U.S.-paid bounty hunters of a Mexican doctor accused, and later acquitted, of taking part in the murder of an American drug agent.

Mr. Clinton said, as he has in the past, that he did not support a U.S. Supreme Court decision upholding the abduction.

"I believe that when another nation is willing to obey the law and in the absence of information that the government itself has willfully refused to obey the law, that the United States should not be involved in kidnapping," Mr. Clinton said.

On the free-trade agreement, he said: "I reaffirmed my support for the North American Free Trade Agreement and my conviction that there were some issues still outstanding between our two nations that needed to be addressed."

Mr. Clinton said he supported the pact, but wants separate agreements approved to protect the environment and U.S. workers.

Mr. Salinas said that Mr. Clinton had underscored that the text of the agreement, which was reached by negotiators from the three nations last summer and now before the three national legislatures, would not be reopened.

"We will work together once he is inaugurated," Mr. Salinas said, "to make the free trade pact a reality."

Mr. Clinton cited the "astounding progress that has been made" in Mexico's economy in recent years under Mr. Salinas.

Canada is next on Mr. Clinton's list. He called Prime Minister Brian Mulroney on Thursday and invited him to meet shortly after the inauguration in the first meeting of the Clinton presidency with any foreign leader.

The Salinas meeting was partly intended to mend ties after the U.S. election campaign, when Mexican officials cheering for the re-election of President George Bush, Democrats said. Mr. Salinas sat with Mr. Bush at the All-Star baseball game in July in San Diego, which Republicans viewed at the time as an event to woo Hispanic voters.

Mr. Bush and Mr. Salinas came into office about the same time and fostered "an emphasis on cooperation that became increasingly pervasive," said Nora Lussier, a specialist on Mexico at the Brookings Institution in Washington. "I think that now people wonder if that is something that will be able to continue with the new president."

Mr. Clinton said on Oct. 4 that he would not sign legislation putting the North American pact into law until he had negotiated three supplemental agreements with Mexico and made five changes in U.S. law. The agreements would cover labor and environmental issues and the reimposition of tariffs if imports surge.

The changes would increase spending on workers who lose their jobs because of imports, spend more money on environmental cleanup; help farmers shift away from crops that Mexico grows more efficiently; tighten licensing requirements for Mexican truck drivers who cross the border, and raise barriers to the immigration of strikebreakers.

But the Clinton transition has not yet decided how these broad principles should be translated into legal language, Democrats said.

One key, unresolved question is how to raise the money for helping people who may lose their jobs because of the movement of factories to Mexico. Economic studies have shown that job losses could approach 200,000 over the next few years.

(AP, NYT)



Mr. Clinton in Little Rock with four ex-secretaries of state. Clockwise from left, Alexander Haig, George Shultz, William Rogers and Edmund Muskie.

Foreign Policy Team: 4 Who Ought to Know Give the Nod

The Associated Press

LITTLE ROCK, Arkansas — Four former U.S. secretaries of state say President-elect Bill Clinton picked a solid foreign policy team and should be able to make up for his lack of experience with on-the-job training.

The four were in Mr. Clinton's hometown Friday for a meeting to discuss foreign policy options facing the new administration.

They were here for the Annual Report of the Secretaries of State. The one-day session, sponsored by the Fulbright Institute of International Relations and the Southern Center for International Studies, allows former diplomats to discuss and analyze foreign policy issues.

The former secretaries — William P. Rogers, Edmund

S. Muskie, Alexander M. Haig Jr. and George P. Shultz — said that Mr. Clinton was inheriting a world in turmoil, but that he and his team appear up to the task.

"You've got to toss a coin every morning" to determine the most pressing problem, said Mr. Muskie, who was a member of Jimmy Carter's cabinet. "Is it going to be Bosnia or Somalia? Today it's Bosnia."

"It's on-the-job training," he added. "You learn as you go."

Mr. Haig, who was secretary of state under Ronald Reagan, said Mr. Clinton "picked a good team."

"I've known most of them and have worked with them over the years," Mr. Haig added.

He said Mr. Clinton could not ignore foreign policy

while dealing with trouble at home, or vice versa.

"You cannot succeed at home if you fail abroad and you cannot succeed abroad if you fail at home," Mr. Haig said.

Mr. Rogers, who was secretary of state in Richard Nixon's administration, said Mr. Clinton "selected a good team of people in the foreign affairs area."

He said Mr. Clinton's top priority must be to help President Boris Yeltsin maintain democracy in Russia.

Getting the START treaty with Russia ratified should be Mr. Clinton's second priority, Mr. Rogers said.

On Iraq, Mr. Rogers said Mr. Clinton "must clean that up." He said the incoming president must continue to press the United Nations to hold Saddam Hussein to UN resolutions.

'Abysmal' Books Hide Fiscal Ills, U.S. Auditor Says

By Robert Pear
New York Times Service

WASHINGTON — The top federal auditor has told President-elect Bill Clinton that the government did "an abysmal job of rudimentary bookkeeping" and has tens of billions of dollars in hidden liabilities.

In a series of 45 transition reports, Comptroller General Charles A. Bowsher, the head of the General Accounting Office, painted a grim picture of a govern-

ment plagued by mismanagement, unable to collect delinquent taxes and unwilling to acknowledge the full cost of its long-term commitments.

He said the State and Transportation departments, the National Aeronautics and Space Administration, the Health Care Financing Administration and the Energy Department were losing billions of dollars a year because they were lax in supervising federal contractors who build embassies, subways and

satellites, pay Medicare claims and run government laboratories.

"Widespread financial management weaknesses are crippling the ability of our leaders to effectively run the federal government," Mr. Bowsher said.

The comptroller general has historically been a nonpartisan official appointed by the president. Mr. Bowsher was appointed by President Ronald Reagan in 1981 for a 15-year term.

The government, he said, spends \$1.5 trillion a year, but does "an abysmal job of rudimentary bookkeeping," using unreliable, ineffective techniques to control the flow of money.

As a flagrant example, Mr. Bowsher cited an Agriculture Department program that lends money to farmers. Under the program, he said, farmers are delinquent on more than one-third of the \$20.5 billion in outstanding loans, and borrowers who have defaulted on loans are free to obtain new ones.

Federal officials "seem to believe that keeping farmers on the land is more important than making prudent lending decisions," he said.

Mr. Bowsher criticized the Energy Department for its supervision of companies that produce nuclear weapons and operate national laboratories for the government.

In the reports, Mr. Bowsher warned Mr. Clinton against relaxing federal regulation of banks, as the industry and some Clinton advisers have recommended.

N.Y. Expands Gay Couples' Rights

By Alan Finder
New York Times Service

NEW YORK — Mayor David N. Dinkins has moved to give unmarried heterosexual and homosexual couples in New York City some of the rights enjoyed by married couples.

Through an executive order, the mayor created a city registry in which city residents and nonresident municipal workers who live together could register as unmarried "domestic partners." A second executive order detailed several ways in which such partners will

now be treated the same as married couples by the city.

Registered domestic partners who work for the city will be entitled to the same unpaid leave that has long been available to married city workers to care for a new child.

And all registered partners, whether or not they work for the city, will have the same visitation rights at municipal hospitals and city jails as married couples. They will also have the same standing in qualifying for apartments and in inheriting a lease in residential buildings owned or overseen by city housing agencies.

The state Legislature, and to a lesser extent the City Council, have authority over the legal definitions of marriage and the rights enjoyed by married spouses in matters like life insurance, inheritance and health benefits. The mayor's executive orders cannot in themselves extend the rights of unmarried heterosexual or homosexual couples in such areas, mayoral aides and many legal experts said.

But his actions Thursday had broad symbolic importance and considerable political significance. He received strong support from gay and lesbian voters in the 1989 campaign and had promised to grant to the live-in partners of homosexual city employees the same health benefits offered to spouses of married city workers.

But he said he could not grant those benefits without City Council approval, and he endorsed a Council bill that would do precisely that.

Many representatives of gay and lesbian organizations who joined the mayor for his announcement at a City Hall news conference described his endorsement of the Council bill and his two executive orders as major steps.

Paula L. Eitelbrick, the legal director of the Lambda Legal Defense and Education Fund, a national organization that works for gay and lesbian legal rights, called the mayor's actions "an absolutely historic and significant step in recognizing that all families have a place in the city of New York."

But Ms. Eitelbrick and many of the more than a dozen representatives of gay and lesbian groups who worked with mayoral advisers to formulate the two executive orders said Mr. Dinkins had not gone far enough. They said they would keep fighting until the city granted full health benefits to the partners of homosexual city workers.

Some leaders of gay and lesbian organizations sharply criticized Mr. Dinkins. They contended that his actions were largely symbolic.

Away From Politics

President George Bush has been barred by a federal judge from carrying out a threat to dismiss Postmaster General Marvin T. Rumsfeld and five other governors of the Postal Service involved in a dispute with the White House over how stamp prices are agreed upon.

The southern section of the San Andreas Fault in California is overdue for a major earthquake, scientists said, citing new geological evidence. They said that quakes of magnitude 7.0 or higher on the Richter scale have occurred in a section of the fault northeast of Los Angeles every 100 years, and the last quake of that magnitude occurred 136 years ago.

Reverse growth in California is running behind projections, and the state is likely to face a cash shortage of \$2.5 billion by mid-May, a state official said.

The Environmental Protection Agency has cleared the way for California to continue to impose more stringent automobile emission standards than those set by the federal 1990 Clean Air Act. The effect of the decision, which was opposed by automakers, will be felt across the country as states best by the worst smog problems are expected to adopt the California standards.

One week after granting a large rate increase to one of the state's largest health insurers, New York state officials agreed to give the company, Empire Blue Cross and Blue Shield, a one-time infusion of cash that would reduce the most severe increases in premiums. Under the deal, the average increase in premiums for the firm's 1.4 million customers would drop to about 20 percent from 25.5 percent.

A federal judge refused to dismiss a \$6.5 billion lawsuit by the nation of Panama seeking to recover money allegedly embezzled by its former military ruler, Manuel Antonio Noriega. Attorneys for the Panamanian government said they could identify more than \$40 million that Mr. Noriega has hidden around the world.

(AP, LAT, NYT, Reuters)

★ POLITICAL NOTES ★

The Inaugural Spirit Isn't All That Catching

WASHINGTON — Thomas Caviness isn't going. He isn't in the mood. Bernadine Caric is curious, but she hasn't quite caught the spirit.

Along Georgia Avenue, which is Bill Clinton's designated symbol of the real America in the capital, they might as well be watching the birth of the Clinton administration from Kalamazoo. To hear the people along black and blue-collar Georgia Avenue discuss it, the inauguration, just four miles and two weeks away, feels like the coming attractions at the multiscreen movie theater in white and white-collar Silver Spring, Maryland.

Mr. Clinton's high-energy inaugural machine has been busily pumping up its five-day festival of symbolism, a high-concept political miniseries starring Mr. Clinton and his family, with appearances by Jefferson, Lincoln, the Liberty Bell and the American people. But it just doesn't matter much to Georgia Avenue.

Untouched by the hoopla, they listen to the radio's daily broadcasts on ticket availability. Bill Clinton touched them deeply when he visited their stores shortly after his election, bridging the gap between the marble grandeur of Pennsylvania Avenue and the brick and boards of their own neighborhood. They are happy to see the same spirit in his inaugural. But they aren't exactly excited.

"You have to be in the mood," said Mr. Caviness, 68, owner of Tynisha's Art and Gift shop, as he photocopied some of the press clippings from Mr. Clinton's November visit to his block. (NYT)

Bush Makes Plea to Keep Intelligence Budget

LANGLEY, Virginia — President George Bush said Friday that the United States needed "more intelligence, not less" to deal with challenges around the world like the confrontation with Iraq over its anti-aircraft batteries.

In a farewell speech at the agency he once headed, Mr. Bush cautioned Mr. Clinton against trying to cut the intelligence budget. "This is not a time to claim victory and turn our back on the intelligence needs of the future," he said. "As we face a more turbulent and unpredictable world and as our military forces are being reduced, I don't think we ought to be contemplating significant reductions in the intelligence area."

The world may be perceived as being more peaceful, "but in my view the need for intelligence is great as ever," he said, adding that "the threats we face are real, we need more intelligence, not less, if we are going to meet the challenge." (AP)

Dole and Some Republicans Lock Horns

WASHINGTON — The Senate Republican leader, Bob Dole of Kansas, is showing his political muscle in entering the battle over the Republican National Committee chairmanship. He is telling party members that he wants them to create the post of general party chairman and that he wants his ally, Senator Mitch McConnell of Kentucky, to it.

Mr. Dole's move did not sit well with some party members, who argued that after a presidential defeat, it is the grass-roots membership from around the country, not a senior senator, who should choose the party's leadership.

"All of a sudden a new job was thrown out in the middle of a very active campaign that has been going on," said Alec Pointevint, Georgia's Republican chairman. "I consider Senator Dole a friend and ally, but our next chairman should be chosen by us, not by someone in Washington." (NYT)

Quote/Unquote:

Edward J. Rollins, who briefly served as Ross Perot's campaign co-chairman, on Mr. Perot's scheduled appearance on CNN's "Larry King Live" on Monday and other television appearances next week to tout his grass-roots political organization United We Stand America: "Obviously, he is probably bored being out of the limelight. Usually in a campaign you try to motivate people to do something. What is his motivation here, except to get his ego stroked?"

CLINTON'S FIRST 100 DAYS

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- Q2. The Trib Index (see first business page for details) on April 30, 1993 will be:
- Q3. The Dow Jones industrial average at the 4 P.M. close on April 30, 1993 will be:
- Q4. The value of the U.S. dollar in Deutsche marks or yen at the 4 P.M. close in New York (as reported in the Trib) will be (choose either currency):

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AIR FRANCE

ASK THE WORLD OF US

A Blow For Relief To Kurds

Australian Aide Shot Dead in Iraq

Compiled by Our Staff From Dispatches

ANKARA — Australia's CARE organization suspended relief operations in northern Iraq on Friday after one of its workers was shot and killed and another wounded, officials said.

An Iraqi Kurdish official, Safwan Dizayee, blamed Iraqi security agents for the Thursday attack. Iraq has denied responsibility for previous attacks on aid workers.

"CARE is not going to resume operations until the UN gives the all-clear that security is back in what it was," CARE Australia's national director, Ian Harris, said in Perth, Australia.

Douglas Cameron, 45, of Brisbane, was shot and killed, and Joe Martinico, 43, also of Brisbane, was wounded by unknown men who riddled their car with bullets, Mr. Harris said.

Mr. Martinico was treated and released and was awaiting transportation home, Mr. Harris said.

Kurdish sources also said Friday that the Iraqi Army shelled a village Thursday in Kurdi-controlled northern Iraq about 40 kilometers (25 miles) east of Kirkuk. The sources, contacted from Ankara, said the shelling targeted Shamshamal but reported no casualties. The Iraqi Army has also bolstered its military presence, including artillery units and armored vehicles, in that sector, the sources said.

Iraq's 3.5 million Kurds are trying to sustain a de-facto state in northern Iraq under the protection of Gulf War allies. The UN is engaged in a relief program to help them survive a harsh winter and Iraq's food and fuel blockade.

CARE Australia has about 30 people working in the relief operation, Mr. Harris said.

UN guards serving in Iraq have been attacked with hand grenades, automatic weapons, rocket-propelled grenades and explosives in the past months.

UN officials have not directly blamed Iraq for the attacks, but Iraqi Kurdish leaders have charged that the attacks were carried out by Iraqi government agents to jeopardize the aid effort.

"All fingers point to the Iraqi agents," Mr. Dizayee, the Ankara representative of the Kurdistan Democratic Party, said. "They have tried all ways and means to sabotage the current aid operation."



Iraq's United Nations ambassador, Nizar Hamdoon, speaking to reporters about Baghdad's response to the international ultimatum.

SADDAM: Public Signs of Baghdad Leader's Defiance Remain Strong

(Continued from page 1)

new threat and infringement on its sovereignty," the newspaper said. "More than ever before, Iraq's heroic army is ready for any potential showdown."

Iraqi commanders have said recently the armed forces had regained their strength following their rout in the Gulf War.

In the past few months official Iraqi newspapers have reported large-scale military exercises, some carried out in mountainous and hilly terrain and others in swampy land.

They said several night exercises were held deep in the southern zone and in another air exclusion zone, north of the 36th parallel, that was declared by the United Nations to protect Iraqi Kurds. The reports said allied planes flew low over the exercising troops.

INA said Thursday that Mr. Saddam held a meeting of his ruling Revolutionary

Command Council and his military commanders, but it did not give details.

It said Friday that the cabinet convened under Prime Minister Mohammed Hamza Zubeidi to study "the desperate U.S. attempt to infringe on Iraqi sovereignty and independence."

Foreign Minister Mohammed Sahhat summoned the ambassadors of China, Pakistan and Morocco and the chargé d'affaires of Russia late Thursday to urge their governments to prevent military action against Iraq, the agency said.

He told the envoys, whose countries are members of the UN Security Council, that Baghdad was ready to defend itself, the agency said.

In recent days, Iraq moved mobile Soviet-made SA-2 and SA-3 surface-to-air missiles into the southern zone.

Last year Iraq moved anti-aircraft missiles above the 36th parallel into the northern exclusion zone. But an allied warning forced Iraq to withdraw the missiles.

The current confrontation began Dec. 27, when Iraqi MiG-25s intruded into the southern zone. One was shot down by U.S. fighter jets, but the incursions have continued, possibly in an attempt to lure allied warplanes into range of the missiles.

There were few signs of tension in Baghdad, although CNN reported crowds at gasoline stations. Thousands of residents prayed in mosques as usual on the Muslim holy day.

"We don't accept the threat. They don't have the right to make such a threat," said one man. "We are ready to fight," he said. "We are a nation with a history. They can't hurt the people because we will fight. It is our country and no one has the right to tell us what to do."

U.S. officials have said that they did not pursue Mr. Saddam because, among other reasons, they believed he would be overthrown after the war. But Mr. Gates, who was deputy national security adviser before and during the war, said the administration had harbored some doubts about that possibility.

Instead, he said, a critical reason U.S. forces did not go after the Iraqi leader was the possibility that they would not be able to catch him.

"I think there was a general feeling that it would not be difficult for Saddam to flee Baghdad and it would be very difficult for us to try and find him," Mr. Gates said.

Why U.S. Didn't Try To Capture Saddam

The Associated Press

LOS ANGELES — The Bush administration decided against trying to capture Saddam Hussein during the Gulf War for fear he would slip through U.S. hands the way Manuel Antonio Noriega did in Panama, according to Robert M. Gates, the director of central intelligence.

"We were a little shaped by that experience, and Iraq is a hell of a lot bigger country than Panama, and we knew a lot less about it than we did Panama," Mr. Gates said in an interview in Friday's Los Angeles Times.

General Noriega vanished during the U.S. invasion of Panama in 1989. Four days later, he sought asylum at the Vatican Embassy in Panama City. After 10 more days, he surrendered to U.S. authorities.

"I don't know how long it would have been before we found Noriega, if he hadn't turned himself in to the papal legate," the departing CIA chief said.

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GERMANY: Economy Minister

(Continued from page 1)

decided Thursday to maintain high interest rates, despite continuing pleas for relief from European and American businesses and governments.

The research institute accused the Kohl government of "having no idea" how to pull Eastern Germany out of its post-Communist doldrums. Lutz Hoffmann, the institute's director, said the chancellor's recent policy shift away from market-based privatization and toward saving jobs by using state subsidies to keep failing businesses alive was "the most unreasonable idea a government has had in a long time."

Mr. Reurodi faces his most difficult political dilemma in the East, where popular pressure to halt the waves of layoffs resulting from the failure of Communist-era enterprises has forced Bonn to back away from letting the market decide which jobs survive.

The Free Democrats are more devoted to market economics than Germany's larger parties, but Mr. Kohl may yet require the new minister to accept the kind of heavy state subsidies that greeted West Germany's economic revival in the 1950s and '60s.

Mr. Reurodi's own views are not clear. Although he has spoken sharply against state support for businesses that cannot compete, a banker who knows him well said he "believes that free-market forces alone can't do it in the East, that the reconstruction of the West German economy after the war would

never have happened without state participation in large corporations such as Volkswagen."

Kurt Kasch, senior vice president of Deutsche Bank in Berlin, said "Reurodi is much more aware of all the complications in Eastern Germany than any of the other Free Democrats. The problem he faces is that he has only one year to prove himself before the government heads into 1994, when there will be 19 elections in Germany."

Those elections will include a nationwide vote and the first elections in eastern states since immediately after the two Germanys unified.

"Someone from outside government would have sent a clear message that Germany is ready for a new policy," said Stephanie Wahl of the Institute for Economics and Society in Bonn. "It would have been a chance to bring in someone who could redefine the role of the state."

■ **Kohl Sees Recession's End**
Mr. Kohl said Friday that he expected the German economy to pull out of recession in the second half of the year, Bloomberg Business News reported from Milan.

"I am not a prophet but think indicators show that in the second part of 1993 we will pull out of the recession," he said at a news conference.

He was in Milan in his role as head of the Christian Democratic Union to meet with Nino Martinazzoli, the head of Italy's Christian Democrats.

RAPE: EC Reports 20,000 Victims

(Continued from page 1)

cleansing. "A repeated feature of Serbian attacks on Muslim towns and villages was the use of rape, or the threat of rape, as a weapon of war to force the population to leave their homes," the delegation said in a five-page report.

The investigators said "rape is part of a pattern of abuse, usually perpetrated with the conscious intention of demoralizing and terrorizing communities, driving them from their homes and demonstrating the power of the invading forces."

"Viewed in this way, rape cannot be seen as incidental to the main purpose of the aggression but as serving a strategic purpose in itself."

While acknowledging that they heard allegations of assaults against Croatian and Serbian women, as well as accounts of sexual abuse of men held in detention camps, the EC investigators said, "Muslim women undoubtedly form the vast majority of rape victims."

Although an exact number was difficult to quantify, they said the most reasonable estimate was 20,000.

They said Serbian forces carried out rape of Muslim women "in particularly sadistic ways to inflict maximum humiliation on the victims."

"Many women, and more particularly children, may have died during or after rape," they added.

The delegation warned that many of the victims who survived faced the prospect of long-term psychological troubles that could lead to suicide unless they were given sophisticated counseling.

In addition, the investigators urged governments to accelerate visa procedures to accommodate the victims as quickly as possible and to consider the best ways to prepare adoption channels, since "many of the women are not likely

to wish to keep children conceived in such circumstances."

■ **Fighting in Bosnia**
Fresh battles were reported across Bosnia on Friday, Reuters reported from Sarajevo. Bosnian radio said fighting with mortars, machine guns and small arms in Sarajevo was quiet only by a blanket of fog.

Most of the renewed fighting, which dimmed prospects of any breakthrough at peace talks in Geneva this weekend, was outside the capital. Rebel Serbs have seized 70 percent of the Balkan republic since the war erupted nine months ago.

Serbia's hard-line nationalist president, Slobodan Milosevic, seemed unlikely to comply with the wishes of international mediators, Cyrus R. Vance and Lord Owen, and join the Geneva peace talks on Sunday, Mr. Milosevic has been long seen as the hidden hand behind the Bosnian conflict. His power was bolstered by a re-election victory last month.

The office of the Yugoslav president, Dobrica Cosic, said it had not yet received word whether Mr. Milosevic would be with the delegation leaving Belgrade for Switzerland on Saturday.

A UN spokesman said two British relief convoys came under mortar fire in central Bosnia on Thursday. Eight mortar rounds landed near the vehicles but caused no casualties.

The only bright spot was that the tragedy of Nezakur nursing home, Sarajevo's front line, appeared to be easing. UN relief workers have installed shelters in the unheated building where 12 of the home's elderly residents had frozen to death. The deaths created an international outcry.

The relief workers said the dozen survivors most at risk would be brought out on Saturday. Both sides were asked for a cease-fire during the evacuation.

ALLIES: Saddam Moves Missiles and Jets Away From the No-Flight Zone

(Continued from page 1)

The White House declined to react to President Saddam Hussein's defiance in the face of the allies' ultimatum.

"We don't want to get into a dialogue with them," Mr. Fitzwater said. "They know our position. We'll have to wait and see."

He added that he could not clarify whether the 48-hour deadline had been set to expire at 22:15 GMT, as some reports had it, or at 22:30 GMT, as others had said.

It was an extraordinary situation for the United States, 22 months after the Gulf War and 12 days before President-elect Bill Clinton is to take over from Mr. Bush.

"There is no daylight between our positions," Mr. Clinton said Friday. "I was consulted about the action the president hopes to take, and I agree with that action." He declined to disclose details.

Mr. Clinton said the change of administrations would not make "any difference in the dedication of the United States" to the terms to which Mr. Saddam agreed at the end of the Gulf War.

Mr. Bush, in a farewell speech at the headquarters of the Central Intelligence Agency, in Langley, Virginia, made only a passing reference to the standoff with Iraq.

He told CIA employees that the United States could not afford to let down its guard on intelligence.

"We can't fool ourselves," the president said. "Those who would challenge us — we're seeing it right now as we try to decide what we should do over Iraq — those who would challenge freedom's gains are many."

He added: "The world may be perceived to be more peaceful, but in my view the need for intelligence is as great as ever."

In August, the United States, Britain and France banned Iraqi military flights south of the 32d parallel to protect the Muslim Shi'ite dissidents who live in the southern third of the country.

As U.S. spy planes and satellites continued surveillance of the area, administration officials had been

studying the four-page response they received from the Iraqi ambassador to the United Nations, Nizar Hamdoon, in response to the 48-hour deadline set by the allies.

"My response was that Iraq does not recognize the no-fly zone," Mr. Hamdoon told reporters. "It was not imposed by the United Nations, but was imposed by the three Western powers."

Baghdad contends that the imposition of the no-fly zone violates Iraqi sovereignty.

Mr. Hamdoon declined to say whether Iraq would move the Soviet-made surface-to-air missiles. But he indicated that his government was seeking reconciliation with the United States now that a new administration was about in take office.

"There should be a dialogue," he said. "To put the complexities of the said in my view, the need for intelligence is as great as ever."

He said that Iraq was inviting a delegation of U.S. lawmakers to Baghdad to discuss the no-fly zone and other issues.

On Thursday, U.S. spy cameras detected some movement of the SA-2 and SA-3 missiles from the positions they held earlier in the week. But administration officials said that the missiles were still south of the 32d parallel as darkness fell over Iraq on Thursday.

Pentagon Releases Tapes Of Downing of Iraqi Jet

The Associated Press

WASHINGTON — The U.S. Defense Department released audio and videotapes Friday of the Dec. 27 downing of an Iraqi fighter by an American F-16 in the no-flight zone over southern Iraq.

Officials said it was coincidental that the tapes had been released on the day of the deadline set by the United States and its Gulf War allies for Iraq to move anti-aircraft missile batteries out of the zone. The tapes provided no new information about the incident but confirmed that the Iraqi plane had been inside the zone.

The only moment of drama in the tapes is when the F-16 pilot asks for permission to fire on the Iraqi MiG. He is told he is "cleared to kill," and about two seconds later declares over his radio, "Splash one! Splash one!," indicating that the MiG had been hit by the F-16's missile.

Bush Son Ends Holiday And Finds a Break-In

Agence France-Press

MIAMI — A burglar stole a diamond necklace and gold watch from the home of President George Bush's son, Jeb, while he and his wife, Columba, spent Christmas with his parents.

Columba Bush told the Miami Herald that she had neglected to turn on the burglar alarm over the holidays.

PERSONALS

MAY THE SACRED HEART OF JESUS be adored, glorified, loved and served throughout the world, now and forever. Sacred Heart of Jesus, pray for us. Saint Jude, helper of the hopeless, pray for us. Saint Joseph, protector of the Holy Family, pray for us. Saint Michael, vanquisher of the devil, pray for us. Saint Francis, lover of the poor, pray for us. Saint Anthony, patron of the lost, pray for us. Saint Ignace, patron of the dying, pray for us. Saint Rita, patron of the impossible, pray for us. Saint Elizabeth, patron of the sick, pray for us. Saint Veronica, patron of the face, pray for us. Saint Agatha, patron of the breasts, pray for us. Saint Barbara, patron of the lightning, pray for us. Saint Blaise, patron of the throat, pray for us. Saint Brigid, patron of the women, pray for us. Saint Bridget, patron of the children, pray for us. Saint Catherine, patron of the unmarried, pray for us. Saint Cecilia, patron of the musicians, pray for us. Saint Chere, patron of the children, pray for us. Saint Christopher, patron of the travelers, pray for us. Saint Clare, patron of the widows, pray for us. Saint Dymphna, patron of the mentally ill, pray for us. Saint Elizabeth, patron of the sick, pray for us. Saint Genevieve, patron of the children, pray for us. Saint Gertrude, patron of the nuns, pray for us. Saint Hilary, patron of the bishops, pray for us. Saint Ignace, patron of the dying, pray for us. Saint James, patron of the pilgrims, pray for us. Saint John, patron of the evangelists, pray for us. Saint John the Baptist, patron of the baptisms, pray for us. Saint John the Evangelist, patron of the theologians, pray for us. Saint Joseph, patron of the workers, pray for us. Saint Josephine, patron of the workers, pray for us. Saint Josephine, patron of the workers, pray for us. Saint Josephine, patron of the workers, pray for us.

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

Ground Rules for Somalia

U.S. forces in Somalia operate under a confusing mandate in ever more perilous circumstances. The perils were underscored Thursday when machine gunners attacked the camp of Mogadishu's treacherous warlord Mohammed Farrah Aidid. But since that clash, the fiercest since Americans landed, signal a more aggressive stance on seizing weapons? There was confusion earlier in the week on just what weapons should be taken from the warring gangs that prey on a stricken people. At first, seized weapons were returned to their owners; now there is a different rule. "If it's American-made and I see it, it's mine," a marine sergeant told The Washington Post. "I can't touch an AK-47, I wish I could. But if it's American, it's mine."

His Promise Is Broken

Twelve days before the inauguration, we may be able to predict the fate of Bill Clinton's promise to free American government from the grip of special interests: Broken from Day One. The questioning of Ron Brown by the senators reviewing his fitness to be secretary of commerce was a bipartisan disgrace. The Republicans on the committee joined with Mr. Brown, the chairman of the Democratic Party, in a public compact to make Washington safe for Mr. Brown's law firm, Patton, Boggs & Blow.

A Final Numbers Game

The Bush administration's last official word on the budget was as manipulative as all the rest. A departing administration's final budget is traditionally an inflated wish list, a political marker, meant to make it look good to the voters in retrospect and to make its successor seem at once ungenerous and fiscally irresponsible. The Bush people did not do this year; they might be inclined to say, good for them. What they produced instead purported to be a neutral and even constructive document merely projecting what spending, receipts and the deficit would be for the next five years under current law. It would be just a benchmark, a simple standard against which to judge the policies of the next administration. But then they moved the standard, again, to understate the likely long-term deficit by \$50 billion or more.

Other Comment

Clinton and Haiti

From Somalia to Iraq, Bill Clinton will have more than enough foreign problems to deal with once he becomes president. But a key foreign policy test for his administration is shaping up closer to home, in Haiti. U.S. immigration specialists fear a renewed surge in the migration of Haitians will occur after the inauguration. To avoid that, Mr. Clinton's office will soon issue a formal statement emphasizing that his administration intends to fully enforce U.S. immigration laws, while trying to expedite

They'll Push Clinton Onto the World Stage

By Jim Hoagland
WASHINGTON — The best-kept secret of the transition has been President-elect Bill Clinton's quiet but detailed attention to the foreign crises he will inherit on Jan. 20. Mr. Clinton has worked hard on the substance of foreign policy — and on keeping his efforts out of public view — as he has prepared his move to Washington. Behind the scenes in Little Rock, Arkansas, Mr. Clinton has conducted several extended exchanges with Boris Yeltsin, including discussion of an aborted get-together meeting in Seattle. The president-elect has listened to Prime Minister John Major of Britain on the escalating tragedy in Bosnia, and sought political and psychological assessments of Slobodan Milosevic from those who have studied the Serbian leader. This transition pattern of deep but low-profile personal involvement in foreign affairs is likely to carry over as a distinguishing characteristic of the early months of the Clinton presidency. Mr. Clinton's innate caution, and a clear-eyed calculation about the nature of the mandate he received on Nov. 3, shape this style.



BY REISINGER in Vienna (Zapp, Corbis) C&W Synchro.

If Hitler and Churchill Had Divided Up the World

By William Pfaff
PARIS — An explosion of some magnitude has been set off in London by the suggestion that Churchill should have settled with Hitler in July 1940 or June 1941, and that by failing to do so he bankrupted Britain and destroyed Europe. John Charmley, a scholar in his 30s and an acknowledged authority on British political history of the period, argues in a new book called "Churchill: The End of Glory" just out in London, that Churchill was a political gambler obsessed with defeating Hitler, who should have settled with Germany after the fall of France, in July 1940, when Hitler indicated a willingness to do so, or the following spring, when the Italians had been defeated in Africa, Japan had not yet entered the war, and Hitler was preparing his invasion of Russia. This argument is endorsed by the rambunctious former defense minister in John Major's government, Alan Clark, who is also a military historian and author of an excellent and debunking study of British generals in World War I, called "The Donkeys."

However They Say 'Never Again,' We Should Applaud

By A. M. Rosenthal
NEW YORK — For the past few days, I have been experiencing a political sensation over to me — flashes of sympathy for the German government. In late November and December, Chancellor Helmut Kohl, backed by German parliamentary leaders, took an important step to try to control the wave of Nazi killings, beatings, burnings and riots. Kohl also wrote about how "deeply disturbed" they were that the Nazis had been banned. They said that was "casting too broad" a net, would turn bigots into victims, drive the Nazis underground and create a more attractive home for the "unstable and insecure who are drawn to such groups."

For a Real German-Jewish Dialogue

By Robert B. Goldman
BONN — A recent gathering in Los Angeles brought together Germans and American Jews. They discussed the violence of the far right in Germany; and they unwittingly pointed to what is missing in their dialogue. The German participants were government officials, journalists, Bundestag members and a banker. On the Jewish side were professionals and lay leaders of major Jewish organizations. The meeting opened with a factual account of the far-right scene in Germany. This was followed by a review of the Kohl government's responses, and of legal complexities that inhibit tough police and judicial action. Then came responses and questions from the Jewish representatives. They wanted more detail about these legal obstacles to tougher action. They wanted to know to what extent these were responsible for Bonn's delays in taking effective leadership. The Jewish speakers welcomed the huge demonstrations by Germans expressing a commitment to democratic values. But they continued to worry about threats not merely to foreigners and Jews but to Germany's democratic structure. As the discussion proceeded, a growing difference emerged in tone and approach. Expressions of Jewish concern focused on the far-right movements and spreading violence; on similarity with the Weimar Republic and its ineffectual response to the growth of the Nazi movement. Yes, Jewish speakers conceded, this was not the 1930s, but still... On the German side, the speakers were often defensive, while attempting

Don't Ratify The Serbs' Aggression

By Anthony Lewis
BOSTON — Cyrus Vance is one of the great American public servants of recent decades, a man of courage and unwavering honor. But I and some others who admire him are increasingly puzzled by where he is going in his search for a negotiated end to the war in Bosnia. Mr. Vance and Lord Owen of Britain are co-chairmen of a Geneva conference on the conflict. When the latest session adjourned this week, they flew to Belgrade to ask the Serbian president, Slobodan Milosevic, to help bring about peace. Afterward Mr. Vance said that Mr. Milosevic had promised "he would do everything possible." A promise from Mr. Milosevic? He promised last summer to turn heavy weapons over to the United Nations — and has done nothing about that or a dozen other promises. He started the Serbian aggression in Bosnia and elsewhere. Secretary of State Lawrence Eagleburger has listed him as a possible war criminal. The same Mr. Vance asked Mr. Eagleburger not to meet the president of Bosnia, Alija Izetbegovic, who is visiting the United States. Mr. Vance feared that such a meeting might upset his negotiating efforts. A small thing, one might believe. But the president of the symbol. Here is the president of a small country that has been cruelly attacked, 100,000 of its people killed, 1.5 million driven from their homes, thousands of women raped. And American officials should refuse to meet him? Mr. Eagleburger at first said he would not see Mr. Izetbegovic. But he changed his mind when the story got out, no doubt because it looked so shameful. The suggested meeting of Mr. Izetbegovic matches what seems to me to be happening in the peace negotiations. The Bosnian Muslims, the largest group in the country and the victims of Serbian aggression, are essentially being pressed to accept the results of the aggression, thinly disguised as a political solution. The draft agreement put forward at Geneva by Mr. Vance and Lord Owen would divide Bosnia into 10 autonomous provinces. There would be a theoretical Bosnian state, but the agreement does not describe it as "sovereign." The agreement calls on those who have heavy weapons — that is, the Serbs — to put them where they can be "monitored" by the United Nations. But there is no effective enforcement mechanism. There is no provision for protection of minorities in the various provinces. A special court would investigate alleged war crimes, but it would have no power to impose penalties. With an agreement like that, what Bosnian Muslim would return to a province from which the Serbs had driven his family and butchered his friends? In effect, the Serbs will have accomplished the aim of their murderous "ethnic cleansing."

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1893: A League Apart
LONDON — Mrs. Stannard announces in today's [Jan. 9] Morning Post that she is forming a "No Crinoline League," and the tone of her letter indicates that she means business. Crinolines she denounces as unsightly and dangerous, and fears them coming into fashion. Women, she says, are not arbiters of fashion. "These things," she says, "are ordered by a small clique of men." She is issuing pledge cards to anti-crinoline leaguers.
1918: Great Expectations
LONDON — England expects that the Germans will make a big offensive on the western front, but she has been told by sources which may well be better informed than Germany cannot possibly rally sufficient strength to mislead the Allies' line. Men who usually speak with the highest authority assert that winter will give its end upon a defeated but still pow-

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THE TRIB INDEX: 88.95

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

1/9/93 close: 88.95
Previous: 89.51

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.	% change
Asia/Pacific	25%	82.33	83.25	-1.08
Europe	40%	90.21	90.77	-0.62
N. America	35%	94.14	94.35	-0.22

Industrial Sectors	1/9/93	1/10/92	% change
Energy	91.13	91.91	-0.86
Utilities	85.91	86.73	-0.95
Finance	81.17	81.72	-0.67
Services	100.04	100.77	-0.72
Capital Goods	88.87	89.80	-1.04
Raw Materials	91.24	92.01	-0.84
Consumer Goods	89.22	89.34	-0.13
Miscellaneous	83.87	84.92	-1.00

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Japan's Slump Hits U.S. Exports

By Paul Blustein
Washington Post Service

TOKYO — Japan's recession has resulted in its first decline in purchases of U.S. goods in seven years.

In the year since President George Bush arrived here on a high-powered trade mission vowing to create "jobs, jobs, jobs" in America, imports from the United States, which soared 83 percent from 1986 to 1991, dropped 2.6 percent in the first 11 months of 1992.

The downturn in the Japanese economy poses a problem for Bill Clinton, elected on the promise of reviving the U.S. economy.

Japan is extending voluntary restraints on car exports to the United States. Page 13.

because slowed economic growth in Japan means reduced demand for U.S. exports.

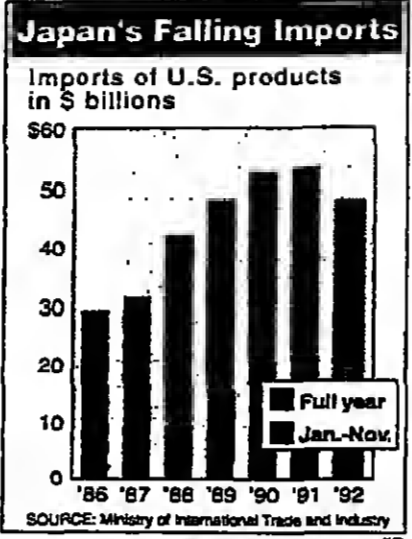
The explanation, according to analysts in both countries, has little to do with Japan's performance in living up to specific trade agreements. In fact, gains have been made in areas subject to agreements, such as auto parts and paper.

The problem lies in the overall performance of the Japanese economy.

To create jobs, it is necessary to generate growth. The Japanese authorities, who had promised Mr. Bush that they would take steps to ensure a healthy expansion last year, instead allowed the nation to slip into its worst recession in two decades.

As a result, demand for all sorts of foreign products has declined and U.S. companies selling goods ranging from furniture to machinery to camping equipment have suffered.

"The Japanese government was slow in its prognosis about the Japanese recession," said Noboru Hatakeyama, vice minister of the Ministry of International Trade and Indus-



U.S. exports to Japan, improving the overall condition of Japan's economy may prove just as important as correcting the problems U.S. manufacturers have gaining access in specific markets, if not more so.

"Clinton ought to put pressure on Japan to stimulate domestic demand," said Peter Morgan, chief economist at Merrill Lynch & Co. in Tokyo.

The sorry state of the Japanese economy, while in some ways beyond the government's control, reflects the nonfulfillment of a major agreement struck during the Bush visit.

The U.S. president and Prime Minister Kiichi Miyazawa jointly produced a "Strategy for World Growth," in which Tokyo pledged to enact some spending measures to boost the economy and monitor the results "to assure that the expected effects are realized." The growth rate target for the fiscal year that ends March 31 is 3.5 percent.

But the economy, weakened by a plunging stock market and soaring bank loans, has fallen far short of that. In the first two quarters of the fiscal year, the economy actually contracted, and the government recently acknowledged that the economy probably will limp along at about a 1.6 percent rate for the full 12-month period. Worse yet, domestic demand appears to be barely growing at all.

The government introduced an \$86 billion spending package in August aimed at pumping up growth. Impressive as the amount was, it came only after repeated warnings by private analysts and business executives that the economy had deteriorated much further than authorities realized. Moreover, the legislature did not approve the package until December.

Despite the slump, U.S. officials and executives say Japanese companies appear to be making genuine efforts to establish more extensive business ties with U.S. suppliers.

Slow Job Growth Last Month Puts Onus on Clinton

By Lawrence Malkin
International Herald Tribune

NEW YORK — The U.S. government reported Friday only slow growth in new jobs last month, making it more likely that Bill Clinton would seek to stimulate the economy just enough to help fulfill his campaign pledges.

Although the unemployment rate remained steady in December, the pace of job creation slowed, especially in manufacturing. The November employment figures were revised downward as later information came in from small business showing it was expanding less than previously estimated.

For December, total nonfarm employment increased modestly, by 64,000. Job growth in November, originally reported at 105,000, was revised downward to 76,000. November's unemployment rate was revised up by one-tenth of a point to 7.3 percent, and there it remained last month.

Moreover, most of December's job growth was concentrated in the runaway health-care sector and miscellaneous business services. Much of the latter represents contract or nonstaff hiring to avoid taking on permanent new office and professional staff who can cause overhead costs to balloon through employer-paid medical insurance.

Friday's weak figures left the bond market schizophrenic. It welcomed a slow economy to depress interest rates, but as one trader said, it also feared the new administration "will start acting like Democrats again" and stimulate the economy through a larger deficit that would raise rates.

Wild trading left the prices of long-term Treasury bonds slightly lower and they closed yielding a higher interest rate, 7.46 percent.

The stock market, reacting largely to the weaker bond prices, declined in heavy trading. (Page 10)

The dollar receded in early trading after the employment number disappointed investors' hopes of a stronger economy. But by the end of the day, the dollar had begun moving up again, and it closed broadly higher.

"Jobless prosperity," is what Neal Soss of First Boston labeled the economic situation. As a result, said Allen Sinai of Boston Co., the administration of President-elect Bill Clinton "now faces the problem of stimulating the economy, and the only issue now is not whether but how much."

Mr. Clinton called his economic advisors to Little Rock, Arkansas, this week to discuss just this question, on which he must decide soon in order to send an early legislative package to Congress mixing short-term relief for the economy with long-term deficit reduction. He had already said he would delay his decision for the latest possible economic statistics, and Friday's employment figure was one of the most important.

Service jobs rose 68,000 in December, but manufacturing created only 3,000 new jobs, while November's growth in factory jobs was revised downward by 10,000 to 25,000. Government lost 45,000 workers hired temporarily for the November elections, which meant that private employment created more jobs to make up the slack — 86,000 to be exact, but far less than needed to make progress against the 1.7 million jobs lost since the recession began two and a half years ago.

Despite market fears, however, a major stimulus is not in the cards. Clinton advisers have been talking about \$20 billion in tax credits toward the purchase of new machinery, a boon to small business, and another \$20 billion for new roads and bridges. That money is unlikely to increase wage inflation after 600,000 construction workers have lost their jobs because of the commercial real estate collapse. Hourly earnings in all jobs actually shrank by 0.1 percent last month.

Mr. Soss believes that Mr. Clinton's modest stimulus proposals are not likely to create many new jobs because employers have "a fixation" on rising health care costs and will not start taking on permanent workers until the link is somehow broken between employment status and health care.

Punt Stays Under Pressure as Franc Eases

Compiled by Our Staff From Dispatches

LONDON — Speculative pressures continued to buffet the European Community's weaker currencies in the wake of Germany's modest rate cut, as the Irish punt languished at the bottom of the EC currency grid Friday while the French franc failed to hold early gains.

For much of the day, the punt seeped around 2.9510 guilders, the lowest permitted level against the strongest currency in the EC's exchange-rate mechanism, before closing below its floor level for the second straight day.

In late European trading, the punt was quoted at 2.9475 guilders.

The punt was pressured despite more denials from Dublin that a devaluation was planned. "We are not seeking a realignment of the system," government spokesman said. "We are also firmly against the unilateral devalu-

ation of the punt — we just don't want to go down that road."

Ireland doubled its overnight lending rate on Thursday to 100 percent to support the punt, but most currency analysts continued to say it was only a matter of time before a devaluation. "It's a question of whether it's going to be this weekend or they wait until a new government is formed next week," said Adrian Cunningham, economic adviser at Bank of America in London.

The punt also traded below its floor level against the Belgian franc, even though the Belgian central bank intervened to support the punt and said a devaluation was unlikely before the new Irish government takes office.

After two months of negotiations, Prime Minister Albert Reynolds's ruling Fianna Fail Party is expected to form a coalition with the

opposition Labor Party and win parliamentary approval for a new government Tuesday.

The franc rose on one point to 3,3982 to the mark, benefiting from the Bundesbank's move on Thursday to lower its rate on securities repurchase agreements, a bellwether for short-term rates, to 8.6 percent from 8.75 percent.

Still, the franc eased later to end the day around 3.4025, a shade weaker than 3.3979 at the close Thursday.

In Oslo, meanwhile, the Norwegian government formally repealed a 1990 resolution pegging the krona to the European currency unit and said the krona would continue to float indefinitely. When Norway let its currency drop in the midst of speculation on Dec. 10, it had set a time limit of 30 days to reestablish the link. (Reuters, Bloomberg)

ECONOMIC SCENE

Sniping at Clinton's Team From a Profession Scorned

By James Risen
Los Angeles Times Service

WASHINGTON — The professional jealousy drips from the telephone receiver like battery acid as the speaker, a prominent economist, speaks of Robert B. Reich. "If you had a nasty mind, you might think that a man without any professional credentials was so insecure about it that he was trying to keep those with genuine professional credentials out."

This economist is a leading talent in academic circles, a rising star who once had high hopes for a senior post in the administration of President-elect Bill Clinton. To his dismay, he has been shut out.

For that, he blames Mr. Reich, a Harvard lecturer and writer who has been overseeing economic policy for Mr. Clinton's transition team and who is Mr. Clinton's nominee to be secretary of labor. A lawyer by training, Mr. Reich nonetheless is the intellectual guiding light behind Mr. Clinton's economic agenda. And it galls economists with impeccable academic credentials that an interloper has been handed so much authority.

The backbiting does not end with Mr. Reich. Economists were even more stunned when Mr. Clinton turned to a rebel within their own ranks, the Berkeley professor Laura D'Andrea Tyson, to chair the Council of Economic Advisers, an institution that they believe should act as the profession's de facto embassy in Washington.

Envy, Petty slights. It's not a pretty sight. But ever since the election on Nov. 3, campus politics have collided with presidential priorities, creating turmoil within the normally placid world of professional economics and offering a revealing glimpse of an unusual professional subculture.

The problem, as economists see it, is that the first new president in at least a generation to put economic policy at the top of his agenda has given short shrift to their profession and their ideas. Leading economists have watched in quiet fury while Mr. Clinton has turned to noneconomists like Mr. Reich and mavericks like Ms. Tyson to develop his campaign program, run his transition policy operation, and fill top posts in his administration.

"They were hoping that Clinton would be a reincarnation of John See MOAN, Page 12

Torras Suit Alleges Crimes by Ex-Officers

Madrid — Lawyers for Grupo Torras SA, the Kuwait Investment Office's holding company in Spain, filed a lawsuit Friday against seven former executives alleging fraud and other crimes the lawyers said led to losses of more than 100 billion pesetas (\$870 million).

A statement issued by Torras said the lawsuit sought a precautionary freeze on assets owned by the executives involved.

The suit alleges crimes of falsifying mercantile and public documents, fraud, manipulating prices and tax evasion.

The former executives named in the suit include the KIO's former general manager Fouad Jaffer, who resigned in January 1990; its former chairman, Fehad al-Sabah; and the Catalan financier Javier de la Rosa, deputy chairman of Torras until the end of last May.

A Torras spokesman said the case was being handled by Judge Miguel Morales of the High Court.

Grupo Torras built up significant interests in chemicals, food, paper, real estate and textiles during the late 1980s.

Mr. de la Rosa said on Friday the charges in the writ were without foundation. "We have done nothing more than follow KIO instructions, and our ac-

HIGH TECHNOLOGY & PROFITABILITY FOR THE 21st CENTURY

London, March 25-26, 1993

- | MARCH 25 | MARCH 26 |
|---|---|
| 09.00 KEYNOTE ADDRESS
The Rt Hon Lord Young of Grafton, Executive Chairman, Cable & Wireless plc | 09.00 KEYNOTE ADDRESS
Helmut Riesenhuber, Minister of Research & Technology, Germany |
| 09.45 THE PEACE DIVIDEND — IMPLICATIONS FOR R&D
Françoise Halabour, Senior Vice President, Strategic Development, Astra Defense & Espace, Paris
Philip Cheneay, Vice President, Engineering, Raytheon Co., Lexington, MA | 09.30 INVESTING IN R&D: ESTABLISHING CRITERIA FOR PUBLIC & PRIVATE SECTORS
Moderator: Michael Osborne, Head, Science & Technology Policy Division, OECD, Paris
John Drews, President, International R&O, and Member of the Executive Committee, Roche Group, Nutley, NJ
Edward Leigh, Parliamentary Under Secretary of State for Technology, UK
John Nelson, Vice Chairman, Lazard Brothers, London
Robb Wilnot, Chairman, OASIS Group plc |
| 10.45 Coffee | 11.10 Coffee |
| 11.15 GENERATING PROFITS FROM NEW TECHNOLOGIES
Moderator: Michael D Uva, Executive Director & Head of the European Technology Group, Morgan Stanley International, London
Reto Braun, President and Chief Operating Officer, Unisys Corp, Blue Bell, PA
Françoise L'Epitastier, Member of the Executive Committee, Citra-Gelky AG
Blaine Devie, Vice President, Corporate Strategy & Development, AT&T, Basking Ridge, NJ | 11.30 THE CONTROVERSIAL ROLE OF SUBSIDIES
Jorma Ollila, President & Chief Executive Officer, Nokia Corporation, Helsinki
EC Commissioner |
| 12.45 Lunch — hosted by Unisys, Europe & Africa Division | 12.30 TECHNOLOGY TRANSFER & INTELLECTUAL PROPERTY RIGHTS
Moderator: Richard Bates, Director, ICC UK
Martin Fransman, Director, Institute for Japanese-European Technology Studies, University of Edinburgh
Ian A Harvey, Chief Executive, British Technology Group
Boris Saltikov, Minister of Science and Technology, Russia |
| 14.45 HARNESSING BRAIN POWER: THE ROLE OF BASIC RESEARCH
Moderator: Axel Krause, Corporate Editor, International Herald Tribune
Pravesh Chaudhri, Research Scientist, IBM Research Division, Yorktown Heights, NY
Ulrich Seiffert, Member of the Board, R&D, Volkswagen AG | 13.30 Lunch
OUTLOOK FOR HIGH TECHNOLOGY — A PERSONAL VIEW
Wissam Dakkar, Chairman of the Supervisory Board, Philips Electronics NV |
| 15.45 Tea | 15.30 CLOSING REMARKS
Jean-Charles Roubert, Secretary General, International Chamber of Commerce, Paris |
| 16.00 GLOBAL CORPORATE ALLIANCES: DO THEY WORK?
Karlheinz Kaslaw, former President and CEO, Siemens AG
Edward G Krusealk, Director, McGraw-Hill & Co., Munich
Konrad Seitz, German Ambassador to Italy, and author of "The Japanese-American Challenge — Germany's H-Tech Industries Fight for Survival"
Senior Executive, Major Japanese Corporation | 18.00 Cocktails |

CURRENCY & INTEREST RATES

Cross Rates		Eurocurrency Deposits		Key Money Rates	
Jan. 8	Jan. 8	Jan. 8	Jan. 8	Jan. 8	Jan. 8
Australia 1.04	1.04	D-Mark 3.36	3.36	3-month 3 1/4-3 1/2	3 1/4-3 1/2
Brussels 33.86	33.86	France 6.54	6.54	6-month 3 3/8-3 7/8	3 3/8-3 7/8
London 1.60	1.60	Swiss 2.00	2.00	1-year 3 1/2-4 1/8	3 1/2-4 1/8
Madrid 16.93	16.93	Yen 163.90	163.90		
Nairobi 128.50	128.50				
New York 1.00	1.00				
Paris 6.54	6.54				
Tokyo 153.10	153.10				
Turkey 1.20	1.20				
Zurich 2.00	2.00				
1 ECU 1.36	1.36				
1 SDR 1.36	1.36				

Other Dollar Values		Forward Rates	
Per \$	Per \$	30-day	90-day
Australia 0.99	0.99	1.2875	1.2899
Brussels 1.60	1.60	1.2500	1.2500
London 1.60	1.60		
Madrid 16.93	16.93		
Nairobi 128.50	128.50		
New York 1.00	1.00		
Paris 6.54	6.54		
Tokyo 153.10	153.10		
Turkey 1.20	1.20		
Zurich 2.00	2.00		

REGISTRATION INFORMATION: The fee for the conference is £250 plus 17.5% VAT. This includes lunches, the cocktail reception and all conference documentation. Fees are payable in advance and will be refunded less a £65.00 cancellation charge for any cancellation received in writing on or before March 8, after which time we regret there can be no refund. However, subscribers may be made at any time. We are able to offer a limited number of places at a special rate of £250 plus 17.5% VAT for ICC members.

CONFERENCE LOCATION: Inter-Continental Hotel, 1 Hamilton Place, Hyde Park Corner, London W1. Tel: (44 71) 488 5131. Fax: (44 71) 488 3473.

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MARKET DIARY

Rising Bond Yields Spur Stock Sales

Bloomberg Business News NEW YORK — U.S. stocks slumped Friday for a second straight day amid concerns about the spurt in Treasury bond yields, traders and analysts said.

N.Y. Stocks

In Treasury yields, said James Solloway, research director at Argus Research.

The Dow Jones industrial average fell 17.29 to 3,251.67, ending the week with a 49.44-point decline.

The stock market's problems were not limited to blue-chip issues. The Nasdaq Combined Composite index slid 0.99 to 677.22.

Declining common stocks outnumbered advancing issues by about 2 to 1 on the New York Stock Exchange. Trading was active, with about 266 million shares changing hands on the Big Board.

The yield on the benchmark 30-year bond has risen 11 basis points in the past two days, to 7.46 percent. The rise in interest rates stems from concern that President-elect Bill Clinton will take steps to stimulate the economy, traders said.

The concerns followed the Labor Department's report that the economy added just 64,000 nonfarm jobs in December.

The decline in stocks is a "normal reaction to a very strong rally that we've had," Mr. Solloway said. The rise in Treasury yields caused investors to focus on the market's peripheral problems such as rising tensions in the Middle East and the former Yugoslavia, and concerns about the economy and earnings, he said.

"Clinton's honeymoon is coming to an end," said Jack Solomon, market analyst at Bear Stearns Cos. Investors are wondering whether Mr. Clinton will renege on his campaign promise to lower the federal deficit, Mr. Solomon said.

Solomon Brothers cut its rating on several energy stocks Friday on expectations that oil and natural gas prices would remain weak.

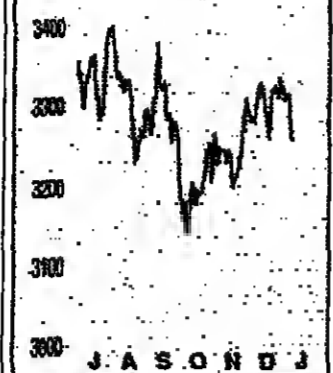
National Medical Enterprises slumped 1% to 9% following a negative published report.

Telefonos de Mexico declined 1 to 5% as the stock retreated after rising close to a 52-week high earlier in the week. Mr. Clinton and President Carlos Salinas de Gortari met Friday in Austin, Texas to discuss the North American Free Trade Agreement.

Intel slid 1/4 to 98 3/4 after a three-day rally.

IBM, plagued by a gloomy earnings outlook and concerns about high restructuring costs, fell 1/4 to a 17-year low of 46 1/2.

The Dow



Daily closings of the Dow Jones industrial average 1992

NYSE Most Active

Table listing NYSE Most Active stocks with columns for Volume, High, Low, Last, and Change.

AMEX Most Active

Table listing AMEX Most Active stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary

Table listing NYSE Diary with columns for Volume, High, Low, Last, and Change.

Amex Diary

Table listing Amex Diary with columns for Volume, High, Low, Last, and Change.

NASDAQ Diary

Table listing NASDAQ Diary with columns for Volume, High, Low, Last, and Change.

Dow Jones Averages

Table showing Dow Jones Averages with columns for Open, High, Low, Last, and Change.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes with columns for High, Low, Close, and Change.

NYSE Indexes

Table showing NYSE Indexes with columns for High, Low, Close, and Change.

NASDAQ Indexes

Table showing NASDAQ Indexes with columns for High, Low, Close, and Change.

AMEX Stock Index

Table showing AMEX Stock Index with columns for High, Low, Close, and Change.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages with columns for Class, High, Low, and Change.

Market Sales

Table showing Market Sales with columns for NYSE 4 a.m. volume, NYSE 9:30 a.m. volume, and NYSE 4 p.m. volume.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading with columns for Buy, Sell, and Short.

S&P 100 Index Options

Table showing S&P 100 Index Options with columns for Month, Call, Put, and Change.

EUROPEAN FUTURES

Table showing EUROPEAN FUTURES with columns for Class, High, Low, Prev. Close, and Change.

Food

Table showing Food futures with columns for Class, High, Low, Prev. Close, and Change.

Metals

Table showing Metals futures with columns for Class, High, Low, Prev. Close, and Change.

Financial

Table showing Financial futures with columns for Class, High, Low, Prev. Close, and Change.

3-MONTH EURO DOLLARS (LIFFE)

Table showing 3-MONTH EURO DOLLARS (LIFFE) with columns for Month, High, Low, and Change.

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Industrials

Table showing Industrials futures with columns for Class, High, Low, Last, and Change.

Stock Indexes

Table showing Stock Indexes with columns for Class, High, Low, Last, and Change.

Spot Commodities

Table showing Spot Commodities with columns for Class, High, Low, Last, and Change.

Dividends

Table showing Dividends with columns for Company, Stock Split, and Dividend.

U.S. / AT THE CLOSE

S&P Cuts Boise Cascade Debt to Junk

NEW YORK (Bloomberg) — Standard & Poor's Corp. downgraded \$2.3 billion of Boise Cascade Corp.'s debt on Friday, lowering it to the status of junk bonds.

The downgrade, to a rating of BB+ from BBB-, signifies a greater risk is associated with owning Boise Cascade's bonds. That means Boise Cascade may have to offer investors a higher yield to borrow money in the future. Junk bonds are those rated below BBB- by Standard & Poor's and Ba3 by Moody's Investors Service.

Prices of Boise Cascade bonds were unchanged after the announcement. The company's bonds trade infrequently and yield about 300 basis points more than comparable-maturity Treasury securities, according to traders at Donaldson, Luffkin & Jenrette.

"We are disappointed," Vincent Hannity, a company spokesman, said. "We are disappointed." Vincent Hannity, a company spokesman, said. "We are disappointed. Boise Cascade, the No. 7 U.S. forest-products company in terms of sales, is "through the worst part of the down cycle in this business environment," he said.

Advanced Micro Posts Fall in Net

SUNNYVALE, California (AP) — Advanced Micro Devices said Friday its earnings for the final three months of 1992 dropped 34.8 percent from a year earlier, when a sale of assets created a one-time surge in net income.

However, the computer-hardware manufacturer's operating income for the quarter was \$73.19 million, up from \$63.2 million in 1991. The company said net income was \$69.56 million, or 73 cents per share, in the quarter ended Dec. 27. That compared with \$106.74 million, or \$1.17 per share for the final quarter of 1991. Sales rose to \$400.22 million, from \$366.17 million. The last quarter of 1991 had included a net gain equivalent to 52 cents per share from the sale of 3.5 million shares of the software maker Xilinx Inc. and other assets.

Hughes Adds Disney and Paramount

LAS VEGAS, Nevada (UPI) — Hughes Aircraft Co. announced Friday a milestone in its effort to lead the direct satellite-to-home TV business, saying it had signed up Paramount Pictures and the Disney Channel to be program suppliers.

The deal, made through Hughes Communications, is a major advance for the \$500 million DirecTV project, which will begin offering service in March 1994. Securing programming for the service, which will use 18-inch (43-centimeter) home-satellite dishes and compete with cable television, had been viewed as a crucial issue.

DirecTV, a partnership between Hughes and General Electric Co., will offer Disney Channel and about 20 other cable programming services, 50 to 60 movie channels, 20 to 30 sporting events and 20 to 30 special-interest events.

Apple Expects Strong 1st Quarter

LAS VEGAS, Nevada (Reuters) — Apple Computer Inc.'s first-quarter revenue will be up significantly, Apple USA President Bob Puetz said Friday. "I think the analysts will be pleased," he said.

He said the company's Powerbook line of portable computers would easily exceed the \$1 billion in sales generated in financial 1992. Apple's first quarter ended Dec. 31. The company's profit rose to \$97 million in its 1992 fourth quarter, from \$81 million the previous year.

Instant Disks for Music Shoppers?

FORT LAUDERDALE, Florida (Bloomberg) — Blockbuster Entertainment Corp. said Friday it had developed electronic technology that would enable music customers to order nearly any compact disk or tape and have it produced within minutes.

Wally Knief, Blockbuster spokesman, said the company was negotiating with International Business Machines Corp. to form a company that would operate this computer-based system.

Mr. Knief said Blockbuster was considering inviting other companies to join in the proposed venture, which could enable music stores to reduce their inventory and studios to cut distribution costs.

Tensions in Gulf Boost Dollar Out of Jobs Funk

Compiled by Our Staff From Dispatches NEW YORK — The dollar stumbled on news of lackluster U.S. employment growth Friday but later regained its balance as tensions in the Gulf heightened.

The U.S. currency gained nearly a penny on the day, to close at 1.6475 Deutsche marks, up from 1.6380 DM on Thursday.

The dollar had touched a high of 1.6490 in Europe earlier before retreating on the U.S. jobs report to finish virtually unchanged in London at 1.6380.

The Labor Department reported that nonfarm U.S. payrolls rose by 64,000 jobs in December, well below analysts' expectations, while November's rise was revised down to 76,000 from 105,000.

"The number was weaker than people were expecting, and shows we're still in the same old plodding morass," said Robert Brusca, chief economist at Nikko Securities.

Still, the employment report did not dampen dollar enthusiasm for long, and the U.S. currency recouped its losses.

Investors who missed the chance to buy dollars at lower levels are

anxious to buy whenever it weakens on the bet that the U.S. economy is slowly but surely emerging from its recession, they said.

"Almost-universal optimism about the outlook for the U.S. currency means it's sensible to buy on the dips," said Stuart Thomson, economist at Nikko Europe.

The dollar also got a lift from escalating tensions in the Gulf, as Baghdad has rebuffed allied demands to remove anti-aircraft missiles in southern Iraq, traders said.

"I'm surprised the dollar got as low as it did," said Cynbia Stroum, trader at Commerzbank.

"Iraq hasn't done anything, and people don't want to be short dollars going into the weekend."

The dollar also rose to 125.39 yen from 125.22 Thursday, to 1.5025 Swiss francs from 1.4950, and to 5.6050 French francs from 5.5670.

The pound edged up marginally, to \$1.5315 from \$1.5310.

Barang, an escalation in the Gulf, the dollar probably will trade between 1.62 and 1.65 DM early next week, traders said. If the situation deteriorates, the dollar could advance to 1.66 or even 1.68 by the end of next week, they said.

(Reuters, Bloomberg)

Consumer Credit Keeps Rising

WASHINGTON — U.S. consumer borrowing rose for the third consecutive month in November, the Federal Reserve reported Friday, as auto borrowing rose at the fastest rate in more than three years.

The \$1.221 billion increase in consumer credit, which excludes home equity loans, contributed to a 2.0 percent rise in the annual rate of borrowing. November was the first time since the autumn of 1990 that there were three consecutive increases in total consumer credit.

Before August, consumers had been paying off debt accumulated in the last decade, and that cut into demand for goods and economic growth. Auto loans increased \$700 million during November and "at the fastest rate since October 1989," the Fed said.

U.S. FUTURES

Table showing U.S. Futures with columns for Section, Month, Open, High, Low, Close, and Change.

Grains

Table showing Grains futures with columns for Month, Open, High, Low, Close, and Change.

Metals

Table showing Metals futures with columns for Month, Open, High, Low, Close, and Change.

WORLD STOCK MARKETS

Table showing World Stock Markets with columns for Market, High, Low, Last, and Change.

Paris

Table showing Paris stock market with columns for Stock, High, Low, Last, and Change.

Sydney

Table showing Sydney stock market with columns for Stock, High, Low, Last, and Change.

Tokyo

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Sao Paulo

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London

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Montreal

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Stock Indexes

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Laporte Launches Evode Bid

White Knight Lifts Siege Laid by Wassall

LONDON — Laporte PLC, a major British chemicals concern, on Friday launched a bid worth \$135.5 million (\$208 million) for Evode Group PLC, three days after emerging as a likely white knight for the adhesives maker.

The ambitious mini-conglomerate Wassall PLC, which had laid siege to Evode since November, immediately announced its retirement from the battle, saying it had no intention of overpaying.

Laporte proposed a stock-based offer granting Evode shareholders 223 new Evode shares for every 112 common shares held. The offer valued each Evode ordinary share at 125.3 pence, against Wassall's 95.2 pence. There is also a full Laporte cash alternative of 115 pence per share, against 95 pence from Wassall, whose offer will now lapse.

Analysts said another rival bidder was unlikely after Wassall threw in the towel. "I can't imagine anyone coming in and paying more," said Mike Lewis, chemicals analyst at County NatWest.

However, he warned about the effect of so many new Laporte shares on the market. "Laporte will have to work hard to make sure it will not be dilutive," he said.

The Laporte finance director, Dick Dickinson, said, however, that the company had already identified benefits from the acquisition, including sourcing and pricing changes that could push Evode's operating margins of 6 percent closer to Laporte's 14 percent return.

Laporte estimated that pretax profit in 1992 was no less than £86 million, down from £97.2 million in 1991 following the sale of its half share in the laterox peroxide business to Solvay SA of Belgium.

Evode posted pretax profit of just £7.1 million in the 1992 financial year, with fully diluted earnings of 5.7 pence.

Laporte now holds 20.6 percent of Evode, after buying shares on the London Stock Exchange during the day.

Speculation previously had focused on Williams Holdings PLC, a conglomerate, and on Burnham Castrol PLC, the oil and chemicals concern, as possible bidders.

Evode retains both Deutsche Bank AG's Morgan Grenfell and the U.S. house Wasserstein Perella as advisers.

Evode, meanwhile, is buying the Italian ferrous-pigment maker Silo SpA, the fourth-largest supplier of its kind in the world, for £23 million, including debt.

Mirror Welcomes Soros Stake

LONDON — The American financier George Soros has built up his stake in Mirror Group Newspapers PLC but is not intent on a takeover, industry sources said on Friday.

A spokesman for Mirror Group said the company looked on Mr. Soros "as a sound and welcome investor."

The Hungarian-born Mr. Soros, a leading mutual-fund manager, has held shares in Mirror Group since the flotation in April 1991. Mirror Group was formerly controlled by the late Robert Maxwell.

Mirror Group shares were up 4 pence at 101 pence (\$1.55) Friday, after sharp gains Thursday on reports Mr. Soros had built his stake to 2.75 percent.

Nedlloyd Stock Is Pressured

AMSTERDAM — The departure of the Norwegian investor Torstein Hagen from Nedlloyd's board will provide no relief for the stock price, and indeed may further undermine it, analysts said Friday.

The stock of Royal Nedlloyd Group NV fell 3 guilders to close at 30.40 guilders (\$16.50) Friday after Mr. Hagen resigned on Thursday and said DNO company said it had sold a 5 percent stake in Nedlloyd.

In 1992, Nedlloyd's stock recorded a high of 65.10 guilders, but ended the year at \$1.70.

Richard Brakenhoff of Pierson, Holding & Pierson said he was surprised at the size of Friday's fall, which indicated the price was sustained by speculation of a takeover by Mr. Hagen.

Mr. Hagen retains an 11 percent stake, plus another 10 percent in options contracts.

Nedlloyd's share price had been supported by persistent speculative buying interest, as the price was far below its net asset value per share, estimated at about 75 guilders, said Rene Van Gaffen at Van Lanschot Bankiers.

Siemens and Philips Drop Cable Tie-Up

MUNICH, Germany — Siemens AG and Philips Electronics NV said Friday that they were dropping plans to combine their businesses in telecommunications cables and optical fibers, saying lower prices had made the idea unattractive.

The decision appeared to pose more strategic questions for Philips. The company has been cutting back on noncore businesses, and its cable operations are significantly smaller than those of Siemens, which claims to rank second in Europe behind Alcatel Alsthom of France.

Cor Vreeven, a Philips spokesman, declined to give reasons for the decision except to say that prices for cables and optical fibers were declining. Philips will reconsider its activities in these areas, he said.

Siemens, meanwhile, saw sales at its cables division rise to more than 2 billion Deutsche marks (\$1.2 billion) in the year ended Sept. 30, 1992, helped by huge investments to modernize the telephone network in Eastern Germany.

"The cable business is still a very important area for us and has grown in the last years," a Siemens spokesman said. "It has not become less important."

Siemens employs more than 5,000 people worldwide in cables and optical fibers. Philips, whose cable sales are about one-quarter the size of Siemens', employs 1,400.

The plans to combine forces had prompted the EC Commission last month to order a full inquiry of the effect on competition.

Siemens and Philips said they had withdrawn their application for EC approval of their plans. But a spokesman for Siemens said the two sides were still considering other possible forms of cooperation in the field that he said would not pose any regulatory problems.

The two companies began talks on cooperation in cables in 1991, first envisaging a deal whereby Siemens would acquire Philips' activities in the field but later shifting their proposal to joint ventures.

Exchange	Index	Friday Close	Prev. Close	% Change
Frankfurt DAX	1992	2,531.52	1,542.50	-0.71
London FTSE 100	1992	2,799.20	2,816.50	-0.61
Paris CAC 40	1992	1,882.63	1,844.47	+0.44
Amsterdam CBS Trend	1992	96.60	97.60	-1.02
Brussels Stock Index	1992	5,629.60	5,567.10	+0.76
Frankfurt DAX	1992	602.72	606.68	-0.68
Frankfurt FAZ	1992	905.04	919.11	-1.53
Helsinki HEX	1992	2,176.80	2,193.30	-0.75
London Financial Times 30	1992	2,799.20	2,816.50	-0.61
Madrid General Index	1992	2,200.20	2,201.12	+0.04
Milan MIB	1992	1,009.00	1,008.00	+0.10
Paris CAC 40	1992	1,882.63	1,844.47	+0.44
Stockholm Aftersveariden	1992	1,883.41	1,082.05	+0.13
Vienna Stock Index	1992	340.87	342.29	-0.05
Zurich SSS	1992	685.10	687.50	-0.35

European Airlines Have Plenty of Room Aboard

BRUSSELS — European airlines flew more than half-empty on European routes last November, the first time in 15 years that they fared so badly in the month, a trade group said Friday.

The Association of European Airlines said a 4.1 percent increase in passengers from a year earlier failed to keep up with greater capacity. As a result, the load factor, or percentage of seats filled, fell to 49.8 percent from 52.0 percent.

"Airlines have been cutting their fares but seats are still not being filled," said David Henderson of the association.

In contrast, members' traffic on North Atlantic and Far Eastern routes grew by 6.7 percent and 9 percent, respectively. The respective load factors were 62.5 percent and 67.7 percent.

German Routes for Europe Carriers

Three European airlines have moved to develop routes in Germany under new European Community laws aimed at opening up domestic air markets, Agence France-Presse reported from Bonn.

British Airways PLC has been picking up passengers at Hannover on its London-Hannover-Lipzig route. Scandinavian Airline System will follow suit from Jan. 11 on its Copenhagen-Hamburg-Lipzig route while Luxembourg's Luxair has been doing the same since Jan. 1 on a Luxembourg-Saarbrücken-Munich route.

Very briefly:

- The EC Commission said it had pressured Italy into agreeing to import other countries' pasta, Germany into dropping import restrictions on medicines and Belgium into allowing the sale of cordless phones approved by other European Community states.
- Zurich's public prosecutor launched a preliminary investigation into possible insider-trading violations in the stock of Swiss Volkswagen before the announcement this week of its takeover by CS Holding.
- Greek inflation fell to 14.4 percent in 1992 from 18 percent in 1991.
- Audi of America Inc.'s sales rose 20.1 percent in 1992 to 14,756 units, the first increase the Volkswagen AG subsidiary has posted in eight years; it expects to sell 18,000 cars in the United States in 1993.
- ABN AMRO NV has become a member of the New York Stock Exchange through its subsidiary ABN AMRO Securities USA Inc., the first Dutch bank able to trade on the NYSE.
- Frans Mees NV, a transportation company 25 percent owned by KLM Royal Dutch Airlines, expects a much lower net profit in 1993 due to the removal of Europe's trade borders and increased competition; for 1992, profit will be stable at around 1991's 35.5 million guilders (\$19.3 million).
- Halifax Building Society said British house prices fell by a record 7.8 percent last year, but prices should pick up in the second half of this year.
- Hoeslyne Group PLC, a subsidiary of France's Cap Gemini Societe, won a £5 million (\$9.2 million) three-year contract to manage the computer systems of the Bank of England.
- Britain's trade and industry secretary, Michael Heseltine, flew to Saudi Arabia with senior executives from seven companies on a mission to boost British exports.

REPUBLIC OF LEBANON

Rehabilitation, Extension and Generalization of the Telecommunication Sector

PRE-QUALIFICATION OF CONTRACTORS

In order to implement the Government policy to fulfill Lebanon's needs in various public utility services, including the rehabilitation, extension and generalization of the telecommunication sector,

And aiming to undertake the necessary measures to reach a minimum service density of 35% in telecommunications, which would be in accordance with the standards of the new century,

And as the data accumulated in the Ministry of Post and Telecommunications (MPT), and incorporated in the National Emergency Reconstruction Program (NERP), indicates the necessity to provide a minimum capacity of 1.5 million subscriber lines; the MPT intends to meet these needs as follows:

- 500,000 subscriber lines through rehabilitation and modernization of the existing network.
- 500,000 new subscriber lines through extension of the existing network.
- 500,000 lines through implementation of a new cellular network.

The Government has initiated separate measures to implement the cellular network; consequently the MPT and the Council for Development and Reconstruction (CDR) announce the intention to achieve a million lines service through the rehabilitation and extension of the present network as indicated in the following program:

- a- Construction of about 650,000 local network lines, construction and equipping of new electronic exchanges to a capacity of 500,000 lines, throughout Lebanon.
- b- Replacement of the old electro-mechanical exchanges (16 exchanges) by new and modern electronic equipment to a capacity of 178,000 lines, including the implementation of the integrated services digital network (ISDN).
- c- Construction of network with fibre optic cables and digital micro-wave links of different capacities to secure communications between various exchanges.
- d- Enhancement of international communications between Lebanon and the world through the construction of two modern IDR earth stations.
- e- Provision of power supply equipment for the exchanges, including the batteries, generating units and the protection systems.
- f- Replacement of the old telex exchange equipment with new and modern electronic equipment (4000 lines).
- g- Rehabilitation of the existing electronic exchanges and their auxiliaries (MT25 and E10B), development of their operation programs to be compatible with CCITT No. 7, and introduction of ISDN facilities.
- h- Rehabilitation of the micro-wave telecommunication network and replacement of the obsolete parts.
- i- Rehabilitation of the local network telephone to a capacity of 400,000 lines throughout Lebanon.
- j- Rehabilitation of the power supply stations, including the replacement of batteries, where needed, and rehabilitation of primary power generation units.

All the projects mentioned above will be executed under the supervision of engineers and consultants appointed by MPT and CDR.

International specialized companies will be appointed to support the ministry for better performance in project management, operation and maintenance.

Therefore, the contractors capable of executing such projects of rehabilitation and modernization are invited to apply for pre-qualification.

Reasons for not pre-qualifying any firm or consortium need not be given, and no costs incurred in the pre-qualification will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified.

The MPT and CDR invite contracting firms and consortia interested in bidding to obtain pre-qualification documents starting January 11, 1993 from the:

Council for Development and Reconstruction (CDR)
Tallet El-Seray
Beirut - Lebanon

Pre-qualification bids with all supporting material shall be submitted at CDR offices no later than February 26, 1993 at noon.

German Unions Fight 2.25% Offer For Public Sector

FRANKFURT — Public-service employers kicked off 1993 pay talks Friday by offering West German staff a 2.25 percent rise, about half what the unions are demanding.

The offer was rejected by the unions, which went on a crippling strike last year. Labor leaders want at least to match the current inflation rate of 4 percent and are insisting that lower-paid staff should receive more.

"We will not accept an offer which does not have given better deal to the lower paid," said Monika Wulf-Mathies, head of the largest public sector union, OeTV.

The outcome of negotiations in the 3 million-strong public-service sector is seen as crucial to pay talks generally.

The Bundesbank has made a more moderate wage round one of its key conditions for a further cut in interest rates.

GATT: Late Stab at Agreement

(Continued from page 1)

low tariffs. But officials hinted that Washington would be prepared to compromise with Brussels over apparel tariffs, particularly if Europe agrees to reduce its high duties on electronics and a number of other products.

An EC-U.S. agreement on tariffs would clear away one of the largest remaining obstacles to an overall global trade settlement. It would provide the two huge trading blocs with a powerful lever to extract concessions from the dozens of other nations taking part in the talks. Washington would like to have at least the outline of a deal to show to senior trade negotiators from other nations at a scheduled meeting in Geneva next Friday.

Leisure Tycoon In U.K. Charged With Theft

LONDON — George Walker, a former boxer who became a leisure tycoon, was charged Friday with stealing £12.5 million (\$19.25 million) from Brent Walker Group PLC, the company he founded and ran.

The charges followed a lengthy investigation by Britain's Serious Fraud Office launched in August 1991 at the request of Brent Walker directors after they discovered a series of irregularities dating from Mr. Walker's chairmanship of the company. He was forced to give up control of Brent Walker in December 1991.

Mr. Walker, 63, was also charged with two offenses of false accounting.

Mr. Walker, who started his working life as a fish-market porter, appeared before Bow Street Magistrates Court and was remanded on bail of £500,000.

For investment information
read THE MONEY REPORT
every Saturday in the IHT

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
120	110	IBM	3.00	4.5	15	120	110	IBM	3.00	4.5	15
100	90	Microsoft	0.00	0.0	10	100	90	Microsoft	0.00	0.0	10
80	70	Apple	0.00	0.0	10	80	70	Apple	0.00	0.0	10
60	50	Oracle	0.00	0.0	10	60	50	Oracle	0.00	0.0	10
40	30	Novell	0.00	0.0	10	40	30	Novell	0.00	0.0	10
20	10	Lotus	0.00	0.0	10	20	10	Lotus	0.00	0.0	10

MOAN: Economists Complain of a Lack of Respect From Clinton Team

(Continued from first finance page) Kennedy, who brought the best and the brightest to Washington, including brilliant economists who later went on to win Nobel prizes," said Gary Hufbauer, an economist at the Institute for International Economics in Washington.

Yet if economists are feeling spurned, it may be their own fault. Increasingly, the profession seems out of step, both with public policy and national politics.

By choosing Ms. Tyson, Mr. Clinton "has done the economics profession a service by adding it to the list of institutions that are ripe for change," wrote Jeff Faux, a Clinton campaign adviser and president of the Washington-based Economic Policy Institute, where Ms. Tyson has been an adviser. Mr.

Faux, who does not have a doctorate in economics, accused the economics profession of "bad manners and sour grapes."

"Economists think they have a God-given right to powerful positions in government," observed Rudiger Dornbusch, an MIT economist. "But the typical economist has not spent much time researching the important issues that are facing Clinton — what to do about the inner cities, how to make American corporations No. 1 again, what to do about education, what to do about job training."

Over the last generation, economists have focused more of their efforts on mathematics-based "economic" research that sometimes seems almost impossible for anyone but other economists to de-

cipher. Broad economic research that can be translated into an action plan for government is increasingly rare, critics argue.

That has left an opening for non-economists like Mr. Reich, popularizers who can talk in plain English to political leaders and the public about how to confront the critical problems facing the United States.

In addition, the mainstream of the profession has become increasingly conservative and far more skeptical of the ability of the federal government to intervene successfully in the market place.

That was not a political problem for the profession during the Reagan-Bush era, when Washington policymakers thought the same

way. But Mr. Clinton and his closest advisers share a belief that government has an important role to play in shaping the economy.

To be sure, traditional economists have not been shut out of the Clinton camp. Nobel laureates like Robert Solow, a professor at the Massachusetts Institute of Technology, and other esteemed economists were prominently featured at Mr. Clinton's economic summit meeting in Little Rock last month. More than 500 economists signed an advertisement endorsing Mr. Clinton's economic agenda during the campaign. And many who are now complaining still believe that the direction of Mr. Clinton's program is the right one.

Still, precious few have broken into Clinton's inner circle.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
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120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
120	110	AAVE					120	110	115	5
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12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
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Japan Compromises on Cars Export Cap Is Unlikely to Satisfy Detroit

By Andrew Pollack
New York Times Service

TOKYO — Japan's announcement Friday that it will extend for another year its ceiling on automobile exports to the United States reflected a middle course for a government trapped between the problems of Japan's struggling automobile companies and the expected demands for more trade concessions from Washington.

But the continuation of the voluntary export restraints at 1.65 million cars for the year that begins in April is not expected to please U.S. automakers, some of whose executives have been seeking tighter limits.

Automobile executives here say they suspect Japan's government announced the export cap before President-elect Bill Clinton takes office later this month so as to preempt possible demands for a lower ceiling. Mr. Clinton has promised to be more aggressive in helping U.S. industry than the government has been under President George Bush.

But an official in the Ministry of International Trade and Industry denied this, saying that decisions on export restraints are announced at this time almost every year. He said the export cap was extended in recognition of the problems being faced by the Big Three American automakers, particularly General Motors Corp.

In recent years, exports to the United States have been below the ceiling because the Japanese automakers have been shifting production to their

U.S. factories. For that reason, the restraints have been derided as meaningless.

Last year, the limit was cut from 2.3 million vehicles to 1.65 million, but exports are expected to be slightly below even this lower ceiling for the current fiscal year, which ends in March.

But Japanese government officials and auto-industry analysts say that if automobile sales in the United States grow to the coming year as expected, Japanese companies might want to increase exports. In that case, the restrictions could begin to bite, though not in a major way.

"The Japanese won't be able to expand their sales as fast as the market might improve, which means that the Japanese market share comes down," said Benjamin Moyer, automobile analyst for Merrill Lynch in Tokyo.

He said, however, that such supply problems would not arise in the next year or so because the Japanese companies still had room to increase production at their American plants to make up for a shortfall in exports.

Still, except for token protests in which they gripe that export restraints violate the principles of free trade, the Japanese automobile companies seem very willing to live with the system that has caused them little pain while helping to mollify a major trading partner.

Yoshiyuki Tsuji, the president of Nissan Motor Co., said the government's decision "takes into account the overall Japan-U.S. relations and is a realistic measure."

Morita Says Japan Must Pull Weight

Reuters

KUALA LUMPUR — Japan should face up to its responsibilities and work with the United States and other countries to preserve global security and free markets, Sony Corp.'s chairman, Akio Morita, said Friday.

"Now is the time for Japan to face the fact that it has been one of the biggest beneficiaries of the world free market system and that success brings certain global obligations and responsibilities," he said at a conference in Malaysia.

Mr. Morita's comments came days before Prime Minister Kiichi Miyazawa embarks on a tour of Southeast Asian nations during which he is expected to stress how Japan and the United States can jointly contribute to security and economic growth in the Asia-Pacific region.

"Many do not appreciate how difficult and important it is to continually work to preserve things such as security or the free market that are so often taken for granted," the Sony executive said.

"Before Japan can worry about possible closed markets in the West, it should first make sure its own fortress gates are opened wide," Mr. Morita said.

Japan's success in rebuilding its economy after World War II was not due just to hard work but also to access to the American market, he said. Similarly, with the collapse of former communist countries, many nations now want to join the "global free market club."

Taipei Market Seeks Lift From Foreign Brokers

Reuters

TAIPEI — Taiwan, in an apparent bid to bolster its ailing stock market, will allow foreign brokerage houses to invest directly in the bourse, the Securities and Exchange Commission said Friday.

"This will be a step toward making our stock market an international one," said Hsiang Wu-cheng, an SEC spokesman.

The central bank has approved an SEC proposal to allow foreign brokerages with net assets of \$150 million to invest in the market. The SEC will announce this month when the brokerages can apply to enter Taiwan, he said.

Foreign brokers' buying and selling of stocks will still have to go through local brokers, however.

Securities analysts welcomed the move, saying it could help revive the market, which plunged 27 percent in 1992 and has continued to drop this year because of political tensions and stock scandals. The benchmark weighted price index

Investor's Asia			
Exchange	Index	Friday Close	Prev. Close % Change
Hong Kong Hang Seng	1992	5,529.56	5,547.32 -0.32
Singapore Straits Times	1992	1,555.16	1,555.71 -0.03
Tokyo Nikkei 225	1992	16,834.69	16,780.98 -0.37
Kuala Lumpur Composite	1992	629.54	636.26 -1.06
Bangkok SET	1992	920.79	914.32 +0.71
Seoul Composite Stock	1992	704.50	696.95 +1.08
Taipei Weighted Price	1992	3,171.99	3,135.56 +1.16
Manila Composite	1992	1,319.31	1,292.21 +1.83
Jakarta Stock Index	1992	279.11	276.85 +0.82
New Zealand NZSE-40	1992	1,526.86	1,533.80 -1.73
Bombay National Index	1992	1,111.40	1,115.60 -0.38

Honda Gears Up for Indianapolis

By Doron P. Levin
New York Times Service

DETROIT — Eager to portray itself more convincingly as an American institution, Honda Motor Co.'s U.S. subsidiary will begin building engines for race cars in the Indianapolis 500 and associated races, starting in 1994.

Honda executives said they expected the racing program to help in the marketing of Honda and Acura cars and to provide racing experience for the company's American engineers and technicians.

Honda especially wants to improve its sales in the nation's heartland, where the sentiment for buying U.S. products runs high, said Thomas G. Elliott, executive vice president of American Honda Motor Co.

Honda's announcement Thursday came a day after it suffered a sales setback in the United States, as its Accord yielded first place in U.S. sales to the Ford Taurus after leading for three years running.

At first, the racing program will consist of supplying engines

to a single race team. A month ago American-made, and it sells more cars in North America than in Japan.

Last month, the Big Three ejected Honda from the Motor Vehicle Manufacturers Association, the U.S. industry's trade group, because it was often at odds with the trade group's political goals.

Honda experienced great suc-

The company hopes to gain an edge in marketing and engineering.

cess building engines for Formula One race cars before deciding last year to pull out because of the high costs. The rules governing Formula One do not exclude some exotic technologies, while Indy rules tend to keep technologies and expenses in check.

"Challenges have always been important to the growth and suc-

cess of Honda," Mr. Elliott said. Unlike the Chevrolet engines that are built and maintained mostly by non-Chevy personnel, Honda prefers to use its own technicians and engineers.

umors have circulated that Bobby Rahal, winner of the 1986 Indy 500 and a team owner who owns a Honda dealership, will be the first to use the Honda engine, a 6.5-liter, twin-turbo V-8.

ago, Nissan Motor Co. said it intended to participate in Indy races, but provided few specifics.

For several years, the PPG Indy-car racing series and the Indianapolis 500, the quintessential U.S. motor race, have been dominated by engines sponsored by General Motors Corp.'s Chevrolet division. During a month of trials, nearly 1 million fans travel to Indianapolis, and the race receives nationwide coverage.

Although Honda operates several plants in Ohio and research and administrative offices in California, it has found that it is often perceived as simply an importer. In fact, the majority of the cars Honda sells in the United States

U.S. to Get Tough on China?

Bloomberg Business News

BEIJING — The deputy commissioner of the U.S. Customs Service said Friday that the Clinton administration would probably take a tougher line on Chinese violations of trade accords than President George Bush.

The official, Michael Lane, in China for a trade fair introducing U.S. customs procedures, said the predicted value of the U.S. trade deficit with China of \$18 billion this year was "somewhat alarming."

Mr. Lane said the United States already had clamped down on goods exported from Chinese prisons. Exports involving intellectual-property rights violations and those transhipped through third countries to avoid quotas were growing problems needing control, he said.

"I think there will be more support for those sorts of things in the Clinton administration than there was under Bush," Mr. Lane said.

CITIC Confirms H.K. Telecom Deal

Compiled by Our Staff From Dispatches

HONG KONG — CITIC Pacific on Friday confirmed its deal to take a 12 percent stake in Hong Kong's telephone monopoly, a move that will take the Beijing-controlled group a step closer to Hong Kong's oldest colonial trader, Jardine Matheson, in size.

CITIC Pacific said it was paying 10.4 billion Hong Kong dollars (\$1.3 billion), or 7.80 dollars a share, to buy 12 percent of Hong Kong Telecommunications Ltd. from its Chinese-owned parent, China International Trust & Investment Corp. Hong Kong (Holdings).

CITIC Pacific will fund the purchase by selling 7.1 billion dollars worth of shares, mainly to its parent, which is known as CITIC Hong Kong. The placement, the largest ever in Hong Kong, will push CITIC Pacific's market capitalization to around 24 billion dollars, compared with 34 billion for Jardine. But despite three years of spectacular growth, it is too early to compare CITIC Pacific with Jardine, said Dora Chuck of Sun Hong Kai Securities.

early 1940s, has a "hands-on" management policy with subsidiaries ranging from office property and Mercedes-Benz dealerships to supermarkets. But with one exception, CITIC Pacific mostly owns relatively modest stakes in very big companies.

"You could say the company's influence is close to zero considering its current role in Hong Kong Telecom, its current role in Cathay Pacific and in Dragonair," Wong Kam-ming, analyst at S. G. Warburg Securities, said of CITIC Pacific's three main investments.

As part of the deal, CITIC Pacific also is buying a controlling interest in two China power-station companies and 20 percent of a Hong Kong chemical-waste-treatment project from its parent.

The company will sell 551.8 million shares, representing 30.5 percent of its enlarged share capital, at 13.00 dollars each. Only a quarter of the shares will be sold to the public. The bulk will go to CITIC Hong Kong and other existing shareholders, including the Malaysian businessman Robert Knook and the Hoeg Hong tycoon Li Ka-shing.

Jardine, which has been trading on the South China coast since before Hong Kong's foundation in the

Very briefly:

- The Korea Automobile Manufacturers Association said South Korea's automobile exports would expand 14 percent to 520,000 cars in 1993, the third consecutive annual increase, with the European Community over-taking the United States as the biggest importer.
- Samsung Electronics Co. has been licensed by General Instrument Corp. of New York to make semiconductors and use technology that will allow Samsung to manufacture high-definition televisions.
- Japan Air Lines Co. will reduce its planned capital investment by an undisclosed amount over the next five years, from the current target of 1.3 trillion yen (\$10.4 billion), because of deteriorating business.
- Matsushita Electronics Corp. will start production of advanced integrated circuits in China for use by rapidly growing Chinese television makers and the Matsushita group's picture-tube plants in Beijing.
- Seapower International Ltd., a cold-storage and food group, said its after-tax profit fell 9 percent to 14.8 million Hong Kong dollars (\$1.9 million) in the six months ended Sept. 30, although sales soared 77 percent to 379.2 million dollars.
- The Shenzhen special economic zone will allow foreign bank branches to deal in local currency, not just foreign exchange, the head of the Shenzhen branch of the People's Bank of China, Wang Xiyi, was reported by the Economic Daily newspaper as saying; he did not give a date.

JVC to Sell HDTV Recorder for Home

Compiled by Our Staff From Dispatches

TOKYO — Victor Co. of Japan said Friday it had developed the first home-use video-cassette recorder for high-definition television, which it hopes will breathe life into the crystal-clear TV system.

JVC said it would put the VCR on sale by the end of 1993 at about 600,000 yen (\$4,800). The machine also will play conventional VHS tapes. "We believe we will be able to offer the product at reasonable prices," said Masayuki Murakami, a company spokesman. "We hope our product will be the frontrunner to open up the HDTV market."

JVC also said it would begin marketing an HDTV set this year costing less than 1 million yen, or \$8,000. Currently, the cheapest set on the shelf is sold by Sharp Corp., with a price of 1 million yen. (Reuters, AFP, UPI)

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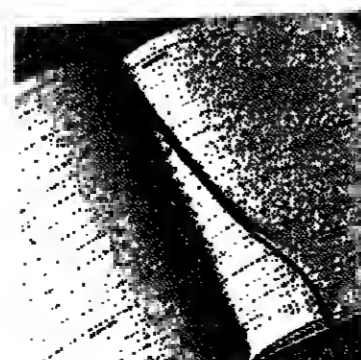
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MONEY

FIRST COLUMN Real Estate Can't Shake Hangover

THE conviction this past week of Charles Keating for a variety of wrongdoings in the great savings and loan bubble of the 1980s offers an opportunity for reflection...

Rhetoric provides some clues as to the depressed state of affairs in real estate. Even the most devoted pro-property propagandists dare not point to the fundamentals of the U.S. economy as a reason for optimism...

Despite the Bush administration's attempts to massage the U.S. economy into recovery, despite the 30-year lows in interest rates, consumers are still heavily burdened by debt and real estate is still suffering from a massive economic hangover.

Property was on a slow burn while economic growth buoyed and shares rocketed through most of the 1980s, and eventually caught fire as other sectors were catching a cold...

Sleeping Giants Stir Investors Dream About China, India

By Philip Crawford

AS EMERGING markets such as those in Thailand, the Philippines and Mexico small their way into the global equity mainstream...

They need look no further, say some experts, than to the world's two most populous nations, mainland China and India, both of which have stock markets that are just beginning to open their doors to foreign investors...

Although the pickings are not voluminous in these countries, they are growing, and accessibility is improving. Shares in Chinese companies listed on the Shenzhen and Shanghai stock exchanges are now available to foreign investors...

Art these markets really expected to bring in the 21st century? Perhaps not. Skeptics say that the younger markets only appear attractive when the older are fully valued...

Indeed, out of the 39 companies listed on the Shenzhen and Shanghai exchanges, which have a combined market capital of over \$11 billion, 16 now offer shares...

which have a combined market capital of over \$11 billion, 16 now offer shares — called "B" shares — to foreign investors.

Of all the markets which are emerging to a greater or lesser degree, China is the most exciting, said Richard Timberlake, a London-based investment consultant.

"The country is of such global macroeconomic importance," continued Mr. Timberlake, "that its growth could prove sufficient to pull the world economy out of its current recession."

The growth in the number of China funds — from zero to 20 since "B" shares were first offered in 1991 — is one indicator that investors may be doing just that.

The stock on the Shenzhen exchange that has attracted the most foreign attention is China Bicycle Co., with \$247 million invested in "B" shares...

"I recently visited China and was shocked by the huge degree of development going on in the economic zones," said an analyst at Jardine Fleming Unit Trusts in London...

Jardine Fleming is among the investment companies that have developed China funds. It has two, the closed-end China Region Fund, which is traded on the New York Stock Exchange...

India, with approximately 6,500 companies listed on the Bombay stock exchange and market capital of around \$72 billion, is considerably larger than any of the "conventional" emerging markets...

Investors should never forget their gut instincts. Art is an industry is going to grow, follow it. That does not mean you have to jump right in and buy — watch a while.

Don't play the long shots with small investments. Art is an heirloom for your grandchildren, and cars, stamps and gold are probably something you will lose on with a minimal financial start.

Most important tip: Never keep your money in a bank — don't support a system that doesn't support you.

Glenn Dubin, Dubin and Swicca, an international investment management company based in New York and Paris.

With less than \$10,000, an investor should be studying funds, not individual stocks. It is generally too hard for the amateur investor to try to follow individual stocks.

A new investor has to begin by doing research to learn what his options are. He should read financial publications and learn to evaluate the historical performance of funds, not just for a single year.

Mutual funds, unlike individual stocks, offer a professional manager, and that is a big plus.

When examining a fund, a potential buyer should ask himself whether the fund has lost money over a calendar year/calendar quarter, whether the fund offers full, or at least partial, liquidity in case you need out; whether the fund's investments offer global diversification.

Most important tip: Learn everything you can, and then select the best professionals to handle your money.

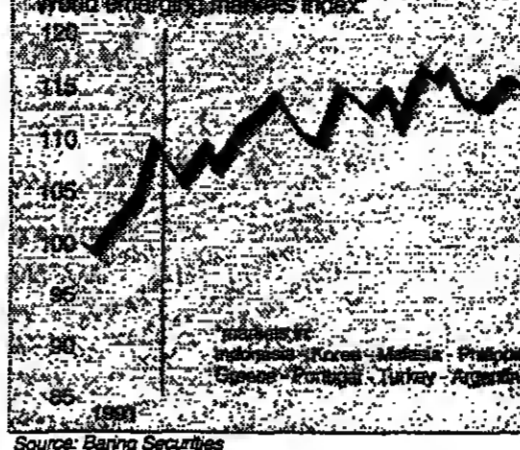
Robert Rosenthal, president, First Long Island Investors and co-chairman New York Islanders.

In general, the financial market right now is similar to that of the 1980s — that means low interest and a low rate of inflation. Additionally, the price/earnings ratio of many shares is very low.

New investors should investigate mutual growth funds, through discount brokers. Companies like Coca-Cola and McDonalds have a strong historical return in all markets and presently are undervalued.

Real estate is not a good investment for the unsophisticated buyer. The recession has affected value and there are no guarantees that prices will soar again.

Nowhere to Go But Up?



World emerging markets index. Source: Baring Securities

is over 30, which is not very efficient but what you might expect from a market that is large but not very open," noted Mr. Johnson of Baring Securities.

But Vinod Sethi, who manages Morgan Stanley's India Magnum Fund, said the country should be open to international retail investors in the relatively near future.

The India Magnum Fund, a closed-end fund launched in 1989 with \$450 million, is invested entirely in domestic equities and is listed on the Amsterdam stock exchange.

Eng Hock Ong, the fund's Singapore-based manager, said that the Pakistan market was attractive partially because of its moderate average price-earnings ratio,



Market cap. in \$ billions. Source: International Herald Tribune

which is currently between 12 and 13. "There are even some very good companies trading at single-digit multiples," he said. "Compared to India, Pakistan is very cheap."

Mr. Ong added that he felt Pakistan's government was essentially pro-market, and that he expected the number of international investors to increase.

On other fronts, there has been one Vietnam fund launched by Lloyd's Bank Fund Managers, but most foreign investment in that country appears to be direct, an estimated \$1.4 billion since 1989.

How long will it take for China, India and these other somewhat embryonic markets to attract international investors on the level of today's "conventional" emerging markets? Indeed, will they ever reach that juncture? "It's anybody's guess," said Mr. Johnson. "But at this point, there's certainly something available for everyone."

Do's and Don't's for the Small Players

By Kate Bales

THE first week of trading in 1993 is finished, but there's still plenty of time to make New Year resolutions for your investments.

Justin Urquhart Stewart, Head of Sales and Marketing for Barclay's Stock Brokers in London.

First of all, pay off any outstanding credit card debts. The investor might not make 18 percent profit each year, but anyone holding on to liability like this is losing exactly that.

Look for funds specifically tailored to the small investor. Barclay's began SID, a fund designed for new investors, and many other companies have created similar funds.

Being informed is essential. Barclay's provides investors with a monthly newsletter so that they can decide exactly what area they want to invest in.

Overall, small investors should basically stick to strong economies. The U.S. economy looks like it is recovering, but we need to wait and see if and how President Clinton's policies go into effect.

Coming out of a recession is a time when many small companies are sold, and these spinoffs can offer interesting potential — or more losses — for their parent company. Such sales should be monitored closely.

You need the flexibility to buy at least 100 shares of individual stock without losing on broker fees. And, if you stick all your money in one place, you'll lose everything if the company drops drastically.

The individual investor must determine his goals and needs when selecting a fund. If you are around 30 years old, think long term. One possibility is Thompson Growth Fund, which has a good five-year history.

utility stock funds represent security and little risk, but at the same time have a better yield than the inflation rate or a bank account.

American companies should stick to American companies. With \$10,000 or less, you are risking too much by trying to follow the foreign markets.

Investors should never forget their gut instincts. Art is an industry is going to grow, follow it. That does not mean you have to jump right in and buy — watch a while.

Don't play the long shots with small investments. Art is an heirloom for your grandchildren, and cars, stamps and gold are probably something you will lose on with a minimal financial start.

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Real estate is not a good investment for the unsophisticated buyer. The recession has affected value and there are no guarantees that prices will soar again.

Most important tip: Never keep your money in a bank — don't support a system that doesn't support you.

Glenn Dubin, Dubin and Swicca, an international investment management company based in New York and Paris.

With less than \$10,000, an investor should be studying funds, not individual stocks. It is generally too hard for the amateur investor to try to follow individual stocks.

A new investor has to begin by doing research to learn what his options are. He should read financial publications and learn to evaluate the historical performance of funds, not just for a single year.

Mutual funds, unlike individual stocks, offer a professional manager, and that is a big plus.

When examining a fund, a potential buyer should ask himself whether the fund has lost money over a calendar year/calendar quarter, whether the fund offers full, or at least partial, liquidity in case you need out; whether the fund's investments offer global diversification.

Most important tip: Learn everything you can, and then select the best professionals to handle your money.

Robert Rosenthal, president, First Long Island Investors and co-chairman New York Islanders.

In general, the financial market right now is similar to that of the 1980s — that means low interest and a low rate of inflation. Additionally, the price/earnings ratio of many shares is very low.

Top Performing International Funds

Table with 3 columns: Over one year to Dec. 28, 1992; Over three years to Nov. 30, 1992; Over five years to Nov. 30, 1992. Lists various international funds with their performance metrics.

Fund Investors Find Hot Spots Offshore

By Martin Baker

OFFSHORE was the place for mutual fund investors to be last year.

All of the funds monitored by international fund specialist Micropal across nine countries (Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Switzerland and the United States) and the somewhat heterogeneous grouping "offshore territories," the top six over 1992 were all domiciled offshore.

But domicile, of course, tells less than half the story. The top three funds are managed out of the United States and have very different investment strategies.

The funds consist of a broad spread of international equities, and the giant Quantum fund, managed by George Soros, takes a complex position on currency hedging.

Nevertheless, the rankings from four to six are also filled by funds classified as offshore by Micropal. But the most important thing that they have in common is that they all invest in Asia.

Overall, 10 of the top 25 funds over the year were invested in Asian markets. Hong Kong had a superb year until the Chinese government expressed its displeasure at the diplomatic maneuverings of Hong Kong Governor Chris Patten, thus wiping around 15 percent off shares within days.

The health sector has been a major growth area covered in the past few years, but this is, relatively speaking, a specialist sector," said Anne McMechan, managing director of London-based fund management company, Framlington.

Over three years, the Quantum fund still benefits from the cunning strategies of Mr. Soros to record an outstanding position in first place, having turned a theoretical \$100 into more than \$358 over the period. The two funds that come close behind Quantum are both invested in South American stock markets.

invested in South American stock markets. The Mexican Investment Co., managed by London-based Latin American Securities, is the only other fund to have broken the \$300 barrier. It is followed at some distance by Genesis Chile, with a return of \$263.48, excluding charges.

Hong Kong and Asian-invested funds still feature prominently over three years, with six representatives in the top 25.

Another leading sector over three years is health care. These funds, identified in the accompanying table by the letter "H," benefited from a surging bull run in the U.S. health-care sector through most of 1991. And they have failed to fade away as drastically as some skeptics suggested they would.

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THE MONEY REPORT

A Primer on Expatriate Taxation

By Jack Anderson

WHERE will my children go to school? Can my dog go with me? What's the exchange rate? Do I have to pay U.S. taxes? These are the types of questions raised when Americans consider accepting overseas assignments.

plus his foreign housing costs, exceeding a base amount of roughly \$8,000. There are very specific qualifications for these exclusions: the individual must meet either the bona-fide residence or the physical presence test.

Obviously, he did not qualify under the bona-fide residence test. The trips caused him to fail the physical presence test. The loss of the foreign earned income and housing exclusions cost the lovebirds \$15,631 in U.S. taxes.

A second area where planning saves money is foreign social security tax withholding. In Europe, the social security tax can be a greater cost than the income tax. For social security taxes, the United States has understandings with 13 other countries called totalization agreements.

Planning the timing of foreign assignment will save money. One of the benefits of an expatriate assignment is reduced U.S. income tax resulting from the foreign earned income and housing exclusions.

Thus, an individual with a foreign assignment beginning April 1, 1993, and ending March 31, 1994, does not meet the bona-fide residence test.

Eligibility requires that the expatriate be paid at least partially from a U.S. payroll so social security taxes can be withheld. Obtaining a certificate of coverage from the Internal Revenue Service, proving that the employee will remain in the U.S. social security system, exempts the individual from the foreign taxes.

Another issue regarding the payroll taxes for the expatriate is U.S. federal income tax withholding. As mentioned earlier, much of an expatriate's salary is excluded from U.S. taxation. Individuals are subject to withholding on salary exceeding expected exclusion.



BRIEF CASE

Dresdner Investment Unit Launches Fixed-Term Fund

The fund investment arm of Dresdner Bank, Dresdnerbank Asset Management, has launched a new fixed-term fund, the somewhat cumbersome entitled DIT-LUX Luxembourg 03.04.1995 vehicle, is denominated in German marks and invests in short-dated bonds.

There is an initial charge of 1 percent, and investors may redeem at any time during the life of the fund. For more information, contact Dresdnerbank Asset Management, 6A route de Trèves, L-2633 Benningberg, Boite postale 179, L-2011 Luxembourg; or call Luxembourg (352) 483 4831.

vehicles that commit cash to futures and options contracts, fared little better, according to Managed Account Reports (MAR), a derivatives fund industry magazine.

MAR's provisional figures for its fund index show a fall of 2.03 percent in December, down 2.93 percent over the year.

Credit Suisse Brokers Back Smaller British Companies

If the biggest U.S. shares have been poor investments, the opposite is true of the British equity market, where the biggest and especially the mid-sized companies had a good year. Now, brokers at Credit Suisse Asset Management in London are advocating smaller U.K. companies as a buy on the basis of a "trickle down" as investors look for value elsewhere.

Futures and Options Index Shows Decline During 1992

The returns from shares have been relatively modest over the past year. The Dow Jones edged up just a few points on the year, for example, while the Trib U.S. Index of large, internationally investable shares was hit by the woes of big corporations like IBM and General Motors, and was actually down on the year. Investors in derivatives funds,

various tax payments should be carefully calculated each year.

The prospect of taxes associated with a foreign assignment can be daunting. Every company has a different approach to the reimbursement or payment of tax on the employee's behalf. A common method is tax protection — the company protects the employee by paying any excess tax associated with the foreign assignment.

Use of a tax equalization plan typically requires the withholding of a hypothetical tax component. The purpose of hypothetical-tax deductions is to approximate the federal income tax the employee would have paid on base salary and bonuses had he or she never left the United States.

gain of \$200,000 left him with \$64,000.

But employers and individuals should be aware that exercising stock options is not the only tax-triggering event.

Stock option plans are a potential tax quagmire. Exercising stock options while overseas could cause double taxation or taxation at a high foreign tax rate.

Another major area of concern to American expatriates is deciding whether or not to sell their U.S. home. U.S. tax law allows the deferral of the capital gain resulting from the sale of a principal residence if a new principal residence is purchased meeting certain requirements. One of the main rules

requires that the new residence is purchased and occupied by the taxpayer within two years. This period is extended up to four years for those who sell their homes and move abroad. The new home may be purchased overseas, but a foreign country can have its own set of tax problems.

Many expatriates choose to rent their U.S. homes while on overseas assignments. If the expatriate does not move back into the house, the IRS construes the rental of the house as conversion to business property. Any gain upon sale would be currently taxable since the house is not considered the taxpayer's principal residence. Due to passive activity loss rules, taxpayers with higher gross incomes may not be able to deduct any rental loss. For short-term assignments, rental of the principal residence is often the best answer if the employee is returning to the same city. For longer-term and indefinite assignments, sale of the house may be more beneficial.

Jack Anderson is a tax partner in the HSD Ernst and Young Paris office.

ADVERTISEMENT

INTERNATIONAL FUNDS

Jan. 8, 1993

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly.

Table listing various international funds with columns for fund name, currency, and price. Includes sections for Broadgate International Fund, Global Capital Management Ltd, Lippo Investments, and various other international equity and bond funds.

It's easy to subscribe in Budapest just call: 175 77 35

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

SPORTS BASKETBALL

Victory Streak Ends As Runnin' Rebels Run Out of Steam

The days of UNLV's domination in the Big West are over, at least for now. Nevada-Las Vegas's 46-game winning streak against conference opponents ended Thursday night.

COLLEGE BASKETBALL

when Long Beach State surprised the No. 12 Runnin' Rebels in Long Beach, California, 101-94. UNLV had won 29 in a row overall, the longest active winning streak in the nation. The first loss for new coach Rollie Massimino means that No. 1 Duke now has the longest winning streak at 23 games.

Suns Escape 'Mismatch' With Dallas

It looked like a monumental mismatch—the National Basketball Association's best vs. its worst—that figured to end in a lopsided victory for the Phoenix Suns over the Dallas Mavericks.

NBA HIGHLIGHTS

outscored them 29-18 in the final period to escape with a 111-107 road victory and avoid what would have been the most embarrassing loss in the NBA this season. The Mavericks are 2-25; the Suns are 23-5. "Where's this team that I've been hearing about that gets beat every night?" said the Phoenix coach, Paul Westphal. "I thought they played hard and we couldn't grind them down with our bench. I'm real glad to get out of here with a win."

West since falling to Santa Barbara, 78-70, on Feb. 26, 1990. The Runnin' Rebels were barred from the Big West and National Collegiate Athletic Association tournaments last season because of NCAA probation.

Eric Gray scored 33 points for UNLV (6-1, 2-1). Ken Gibson's 3-pointer capped an 11-0 run that put the Rebels ahead 77-76 with 8:08 remaining.

But the 49ers took the lead for good seven seconds later on Rod Hundl's two foul shots. Bryon Russell had 33 points and 11 rebounds and Lucious Harris had 25 points for the 49ers (9-1, 2-1).

"There's not a bad player on our team, but our kids stepped it up and played up to our capabilities," said the Long Beach State coach, Seth Greenberg.

Long Beach beat UNLV for the first time in 11 games, and for just the second time in 26 tries. The 49ers are off to the second-best start in school history—the 1972-73 team began with 11 straight victories under Turkman, who left after that season for UNLV.

No. 3 Michigan 80, No. 9 Purdue 70: Juwan Howard scored eight points during a 17-4 spree that led Michigan past Purdue at West Lafayette, Indiana.

Howard's basket started the spurt and put the Wolverines ahead for good at 63-62. Chris Webber scored 16 of his 22 points in the second half for Michigan (11-1).

Glenn Robinson scored 30 for the Boilermakers (9-1).

No. 6 North Carolina 100, North Carolina St. 67: Donald Williams had 23 points and George Lynch 21 as the Tar Heels posted their second-most lopsided victory in the 179-game intrastate rivalry.

North Carolina, which lost twice to the Wolfpack last season, came out running and led by 21 points at halftime. The Tar Heels (11-1), who lead the nation in shooting, shot 59 percent in the first half.

North Carolina State (3-5) lost starters Donnie Seale and Chuck Korngay and a reserve before the game when they were declared academically ineligible. The game in Raleigh was the Atlantic Coast Conference opener for both teams.

No. 20 Arizona 82, No. 15 UCLA 80: Ray Ows made two foul shots with 13 seconds left and Arizona beat the Bruins in Los Angeles.

Ed Stokes made one free throw with 21 seconds left to tie it for Arizona, but missed the second. The Wildcats got the rebound, however, and Ows was fouled in the lane. Ows previously had made just 9 of 20 free throws.

Chris Mills scored 27 points for Arizona (6-2). Ed O'Bannon scored 29 for UCLA (9-3). It was the Pac-10 opener for both schools.

No. 16 Cincinnati 64, Massachusetts 53: Nick Van Exel hit 7 of 10 shots from 3-point range and finished with 27 points as Cincinnati won at Springfield, Massachusetts.

The Bearcats (8-1) have won five straight games, and Van Exel has made 22 of 47 3-pointers in that span. Mike Williams scored 15 points for the Minutemen (6-3).



As UMass's Dana Dingle went up, the ball went down—as did Dingle's team, falling to Cincinnati.

49er Fear and Loathing Redux? Skins Say No

By Ken Denlinger

WASHINGTON — The search for clues about Redskins' strategy against the 49ers on Saturday starts with the man most familiar with both teams. And that man, Matt Millen, said, "No, I, the Redskins aren't afraid of that offense the way they were when Montana did it."

Millen was a 49ers inside linebacker when the teams met under similar playoff circumstances two years ago in Candlestick Park. That day Joe Montana completed 22 of 31 passes for 274 yards and two touchdowns in a 28-10 victory.

With the Redskins last season, Millen was a run-support middle linebacker who missed the playoffs and Super Bowl victory over Buffalo because each opponent emphasized the pass. He was a television analyst this season.

The Redskins and 49ers are like most successful teams. Turnover on the overall roster has been heavy from two years ago, but the number of starters who have held their positions is high.

On the 49ers offense, eight regulars return. Steve Young replaced Montana — and was the most valuable offensive player in the league this season. Running back Ricky Walters gained more than twice as much yardage this regular season as Roger Craig did in 1990.

Another significant, though less noticed, difference in the 49ers offense has been at tackle. Steve Wallace has moved from right to left, replacing Bubba Paris. Right guard Harris Barton has assumed Wallace's old spot.

"No team has two better tackles than the 49ers," said an NFL scout. About the running backs, the scout said: "Walters is a slasher, like the Giants' Rodney Hampton, who ran so well against the Redskins earlier this season. Except he's faster — and more exciting to watch."

Scouts suggest the Redskins might defense Young

as they have Philadelphia's Randall Cunningham. They say Young is not inclined to run as quickly as Cunningham is, because his blockers are better.

"If Young was 26 instead of 31 and I was starting a new franchise," the scout said, "he'd be my build-around player, the one I'd take first. But this might be the first time ever when the Redskins wouldn't want the backup in the game."

Millen said that "Monte Coleman is going to be a big piece of the puzzle." That's because 49ers tight end Brent Jones is a superior pass receiver. His average

quick score. Make 'em work the whole way down the field."

As another scout put it: "Make 'em score slow, so they're helping you win. They're so good at getting into a rhythm with the passing game. How you stop that is to change up on your coverages."

The Redskins' offense against the 49ers, most scouts agree, will eventually boil down to whether quarterback Mark Rypien finds the strike zone. As always, Rypien will need help.

Scouts — and statistics — indicate that the 49ers' defensive weakness is the secondary. The 49ers have allowed an average of 50 more passing yards per game than the Redskins. That may be misleading, because 49ers opponents often have been far behind — and forced to throw.

"San Francisco's defensive line as a group, regulars and backups, is the best in the NFL," said an NFL scout. And he said Keith DeLong and Bill Romanowski "are as good as any linebackers around."

Of the front seven that faced the Redskins two years ago, only Millen and pass-rush specialist Charles Haley are gone. In Haley's position is Tim Harris, whose 17 sacks during the regular season were one more than Haley had in 1990.

"Harris used to not play hard," the scout said. "That's why Green Bay got rid of him. He's a changed player." The Redskins are hoping to get their wideouts into mismatches with the 49ers' secondary; if that happens, it probably will come the old-fashioned way, because they had been able to run effectively earlier.

"That defense is so disciplined," said Millen. "You almost always know where each player is. That works to Joe Gibbs's favor. He will find a way to run on it."

"All Rypien has to do is not throw the ball away," he added. The 49ers intercepted him three times two years ago. "If he plays like he did in Minnesota, the Redskins can win. If he plays like two years ago, no way."

Bills Face the Hungry Steelers For Dolphins, Marino Is Key to Stopping Chargers' Roll

New York Times Service

BILLS (12-5) at STEELERS (11-5) Key stat: Bills beat Pittsburgh, 28-20, at home in Week 10, and in playoff victory over Houston, receiver Andre Reed caught eight passes for 136 yards and three touchdowns; Steelers led NFL in takeaways with 43. Comment: Here comes Buffalo ready to make its historic victory over Houston become the stepping stone for more joy vs. Pittsburgh. But expect the Steelers to harshly slap the Bills back to reality. For the first time in two seasons, Buffalo is not at home in a playoff game and it meets a rested and hungry club. The Bills are also banged up — can Thurman Thomas

and Cornelius Bennett go full throttle? — and they have almost no chance without Thomas. The Steelers are favored by 2½ points.

CHARGERS (12-5) at DOLPHINS (11-5) Key stat: Chargers have won 12 of their last 13, shut out Kansas City last week and produced 51 sacks during the regular season and got seven more vs. the Chiefs. Dolphins committed more turnovers (34) than they gained (32) during the regular season, and kicker Pete Stoyanovich was 30 of 37 in field goals. Comment: Without injured linebacker John Ofterahl clogging the middle and roaming wide to run down ball carriers, Miami's defense could be in big trouble against the physical and steady San Diego offense. Who is going to consistently bring down big bruiser Marion Butts? Who will catch Ronnie Harmon in the flat? The Dolphins must turn these questions inside out, and Dan Marino and his receivers are the answer. Marino needs a superior game and one where he keeps the pressure squarely off his defense and on the San Diego defense. Bobby Humphrey at running back is a critical key. He is a wonderful pass catcher from the backfield and can cause serious matchup problems for the Chargers. Dolphins by 2½.

REDSKINS (10-7) at 49ERS (14-2) Key stat: Redskins say that 51 starters missed games because of injury this season, but most of the offensive line that has allowed only one sack in its last six playoff games is intact; 49ers rank 27th in pass defense, Tim Harris has a club-high 17 sacks and team has won five of six from Washington including three

straight by an average of nearly 18 points. Comment: Washington last battled the 49ers in San Francisco in the 1991 playoffs. Washington outgained San Francisco, 441 yards to 336 yards, but Mark Rypien threw two costly interceptions in the red zone that helped the 49ers win, 28-10. This game will offer an intriguing cat-and-mouse struggle of strategy by two of the league's premier coaching staffs. This is where San Francisco will win the game: with the return of receiver John Taylor from injury and with Joe Montana available if Steve Young can't get it done. 49ers by 9½.

EAGLES (12-5) at COWBOYS (13-3) Key stat: Eagles rank No. 2 in rushing yards per game (149.3), and in rushing yards per carry (4.6), and they have split the season series with Dallas in each of the last three years; Cowboys' Emmitt Smith rushed for 163 yards vs. Philadelphia in the last meeting and the Dallas defense led the league in fewest total yards allowed and in fewest rushing yards allowed. Comment: The Eagles were solid, poised and resilient in their playoff victory over New Orleans and will need all of those traits and more to topple the Cowboys. Eagles back Heath Sherman averaged 5.2 yards per carry during the season and he has emerged as a force. His low running style and persistent push toward the end zone has helped Randall Cunningham's play-fakes become more dangerous and has opened passing lanes for receivers Fred Barnett and Calvin Williams. Dallas starts with speed and ends with speed. Its 1-2 offensive combination of Smith and receiver Michael Irvin constantly applies pressure to a defense. A prize choice for the game-breaker in this matchup is receiver/returner Kelvin Martin. Cowboys by 6½.

These NFL matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's of Las Vegas.

NFL MATCHUPS	
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NFL Playoff Picture

First-Round Games

- NFC
 - WASHINGTON REDSKINS 24, MINNESOTA VIKINGS 7.
 - PHILADELPHIA EAGLES 36, NEW ORLEANS SAINTS 20.
- AFC
 - SAN DIEGO CHARGERS 17, KANSAS CITY CHIEFS 0.
 - BUFFALO BILLS 41, HOUSTON OILERS 38.

Second-Round Games

- NFC
 - Saturday, Jan. 9
 - WASHINGTON REDSKINS (10-7) at SAN FRANCISCO 49ERS (14-2).
 - Sunday, Jan. 10
 - PHILADELPHIA EAGLES (12-5) at DALLAS COWBOYS (13-3).
- AFC
 - Saturday, Jan. 9
 - BUFFALO BILLS (12-5) at PITTSBURGH STEELERS (11-5).
 - Sunday, Jan. 10
 - SAN DIEGO CHARGERS (12-5) at MIAMI DOLPHINS (11-5).

Conference Titles

Sunday, Jan. 17

Super Bowl XXVII

Sunday, Jan. 31

DENNIS THE MENACE



PEANUTS



CALVIN AND HOBBES



JUMBLE

THEY SCRAMBLED WORD GAMES

Unscramble these words from the letters in the boxes below. Each letter only may be used once.

VARAL

EFING

HOKERS

YURNEP

Now arrange the checked letters to form the unscrambled words, as they appear in the above cartoon.

Answer: _____

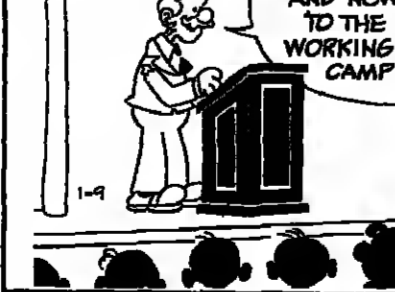
BLONDIE



WIZARD of ID



BEETLE BAILEY



REX MORGAN



DOONESBURY



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DAVE BARRY

The Giant Pirogi

MIAMI — It's time for those amazing Canadians, the popular feature wherein we examine the activities of our friendly neighbors to the north.

Marge! potential tourists as far away as Mobile, Alabama, are probably remarking at this very moment. "There's a giant fiberglass dumpling in rural Canada! Pack your suitcase!"

A Cultural Clash in the Arizona Desert

By Joan Dupont

PARIS — Three years ago at the Cannes Film Festival, Emir Kusturica was walking around in a fog. After his 1985 Palme d'Or for "When Father Was Away on Business" — a satire of life under Tito — he had again been named best director for "The Time of the Gypsies."



For Emir Kusturica, the most important thing is to finish the movie.

ers, and, recently, Ridley Scott, European directors who fiddle with the American dream have had their knuckles rapped.

line producer doesn't warn you that Faye Dunaway has to be rigged to the tree after the plane crashes and it takes six hours to do this ... he shook his head.

energy from my actors and from the music, because I consider music live as well." Kusturica has worked with composer Goran Bregovic from the beginning of his career; he has also, between films, played in a rock band. His first feature, "Do You Remember Dolly Bell?" (1981) was about Yugoslavian teenagers lapping up Western pop culture.

PEOPLE

Stamping Out Elvis: 500 Million to Start

The long-awaited 29-cent Elvis Presley stamp went on sale just after midnight Friday in Memphis at a half-dozen mobile postal stations across the street from Graceland, and hundreds stood in a drizzle on what would have been Elvis's 58th birthday to buy it.

INTERNATIONAL CLASSIFIED

WEATHER

Table with weather forecasts for Europe, including high/low temperatures and conditions for various countries.

Table with weather forecasts for North America, including high/low temperatures and conditions for various regions.

Table with weather forecasts for Asia, including high/low temperatures and conditions for various countries.

Table with weather forecasts for Africa and Latin America, including high/low temperatures and conditions for various regions.

Orthographer's Holiday By June A. Boggs

- CROSS 1 Die Fater 6 Pulled 11 Neighbor of Silver Springs 16 Quahog 20 ...-Has Kings/Hares lipp'd...; Slak 21 Blender/yield 22 Byton natives 23 Madrid's Fifth Ave. 24 Loft members' 26 Band 27 Arrested 28 Spotted cary 29 Luke in "The Dukas of Hazzard" 30 Soggy's Nino 31 Giant grass 32 Speer was jailed here 34 That's a fact 36 Rural apothecary? 38 Coppers 108 Sediments 108 Cooper's tool 42 A faja is ore 43 Influence 46 Colleague of an 46 Day of Holiday 52 ...right"; Pope 56 Independent org.: 1935-55 57 Climbing palm 58 Galvanize 60 Region surrounding Athens 62 T. Gray opens 64 Outdoor storage fee 67 Bon ton

Word search puzzle grid with clues and solutions for various words.

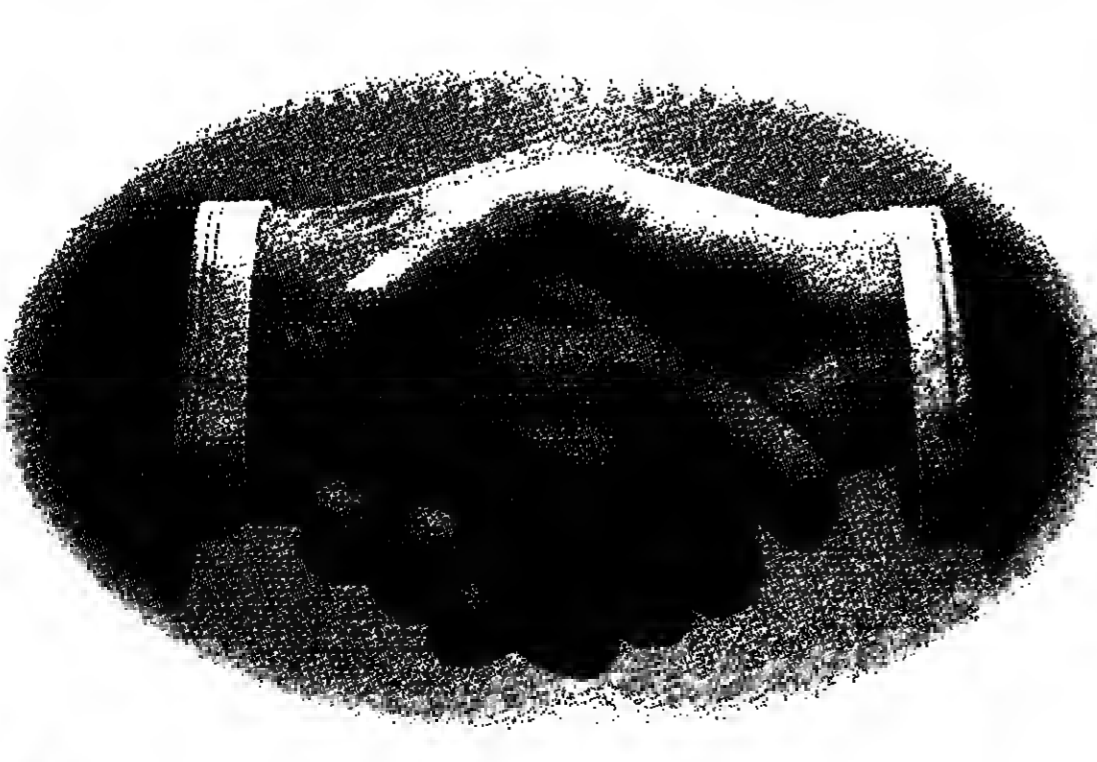
BOOKS

MAQROLL: Three Novellas By Alvaro Mutis. Translated from the Spanish by Edith Grossman. 304 pages. \$20. HarperCollins.

Alvaro Mutis, a Colombian novelist now living in Mexico, to keep us guessing. Why else would he give the main character the name "The Gavero" (the lookout)?

from a rumor overheard by Maqroll and his sometime lover, Flor Estevez, without assurance that either the sawmills or the buses actually exist. But for Maqroll, the less certain the goal the more appealing the chase.

bushes and bruyals, schemes and counter-schemes, and, for a change, good and evil are delineated.



Speed up the approval process.

Table listing international access numbers for AT&T USADirect Service across various countries like Australia, Bahrain, Belgium, etc.

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